Bluegarden A/S
Annual Report 2016

CVR 48 11 77 16
Lautrupbjerg 6
2750 Ballerup

The Annual Report was presented and approved at the General Meeting on 27th of March 2017

Peter Tvermoes Meier
Chairman of the meeting

Content

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Management's statement on the Annual Report

The Board of Directors and the Management have today considered and approved the annual report for 2016 for Bluegarden A/S. The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion the financial statements give a true and fair view of the company's assets and liabilities, the financial position at 31. December 2016, the result of the activities of the company. Further it is our opinion that the Management report gives a true and fair view of developments in the activities included in the Management report.

We recommend that the annual report to be adopted by the shareholders at the annual general meeting.

Ballerup 24th of March 2017

Management

Mogens Munkholm Elsberg

Per Hviid

Board of Directors

Shawn Allister McMorran
Chairman

Jan-Olivier Fillols
Vice chairman

Michael Edward Wilkinson

Andreas Schulte

Hanne Gudik-Sørensen

Ercan Zülal

Independent auditor's report

To the shareholder of Bluegarden A/S

Opinion

We have audited the financial statements of Bluegarden A/S for the financial year 1. January - 31. December 2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31. December 2016 and of the results of its operations for the financial year 1. January - 31. December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report
- Continued

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
• Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
• Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentar
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen 24th of March 2017

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Kim Gerner
State-Authorised Public Accountant

Company information

The company	Bluegarden A/S Lautrupbjerg 6 2750 Ballerup Phone: +45 72 27 90 00 Fax: +45 72 27 90 99 Homepage: www.bluegarden.dk CVR: 48 11 77 16 Accounting period: 1. January 31. December Location: Ballerup
Board of Directors	Shawn Allister McMorran, Chairman Jan-Olivier Fillols, Vice chairman Michael Edward Wilkinson Andreas Schulte Hanne Gudik-Sørensen Ercan Zülal Laila Bruun Dürr
Management	Mogens Munkholm Elsberg Per Hviid
Audit company	Deloitte Statsautoriseret Revisionspartnerselskab
Group Annual Report	The company is included in the Group Annual Report for Bluegarden Holding A/S. The group annual report for Bluegarden Holding A/S can be requisitioned at the following address: Lautrupbjerg 6, 2750 Ballerup

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Financial highlights

	2016 MDKK	2015 MDKK	2014 MDKK	2013 MDKK	2012 MDKK
Key figures					
Revenue	481	477	488	514	520
Gross profit*	305	277	284	239	254
Profit from operations	101	34	72	83	56
Financial items, net	1	5	7	5	4
Profit for the year	80	29	58	66	45
Total assets	339	402	380	418	405
Gross investments in intangible assets	22	18	14	16	36
Gross investments in tangible assets	0	0	0	0	0
Equity	125	165	215	237	211
Number of employees (average for the year)	298	340	317	299	331
KPI %					
Gross margin*	63%	58%	58%	47%	49%
Profit margin	21%	7%	15%	16%	11%
Return on assets	30%	8%	19%	20%	14%
Equity ratio	37%	41%	57%	57%	52%
Return on equity	55%	15%	26%	30%	22%

*Figures for 2012-2013 are not fully comparable to 2014-2016, as R&D costs are shown separately in 2014-2016 to improve transparency.

Management report

Corporate mission and goals
Bluegarden A/S is a provider of payroll and HR administration services. The company manages disbursement of salaries by means of its payroll systems and provides HR administration systems and numerous related outsourcing services to support our customers' organisations.

Mission:
Bluegarden's mission is to make the daily life of our customers easier and more efficient by handling or supporting payroll and HR administration activities.

Values:
- Precision
- Respect
- Simplicity
- Value creation
- Execution

Strategic activities in 2016
In 2016, the key strategic activities were:
- Activities aimed at retaining and winning customers in the market of small and medium-size enterprises.
- Migrating customers from older payroll platforms to a new payroll solution for the purpose of phasing out older platforms and saving costs.
- Development and implementation initiatives on large customers within the private and public sector.

Development in activities and finances in 2016
In 2016, Bluegarden A/S realised revenue of 481 MDKK compared to 477 MDKK in 2015, 1% growth on last year. The company realised higher revenue from business process outsourcing and consultancy services while systems services sales were in line with 2015 sales.

Operating expenses amounted to 380 MDKK in 2016 (2015: 443 MDKK). Costs related to restructuring activities in 2015 totaled 37 MDKK. Excluding these 2015 one-off costs, the reduction was 27 MDKK. The lower costs compared to 2015 are primarily attributable to the reduction in production costs resulting from the operational optimisation initiatives and lower personnel costs due to a reduction in number of employees.

Result before net financials stands at 101 MDKK (2015: 34MDKK) equal to a profit margin of 21%.

Net financials for 2016 amounted to a net income of 1 MDKK (2015: 4 MDKK). The lower income is due to lower lending of funds to affiliated companies compared with 2015.

Profit of the year was 80 MDKK and the dividend is proposed to be 60 MDKK. The profit of the year is considered satisfactory compared to the expectations for the year.

Uncertainty relating to recognition and measurement
The main local payroll and frontend systems are significant intangible assets that have been tested for impairment at 31. December 2016. The impairment tests included expected selling prices, volumes and maintenance costs, which are estimated to be realised over the systems' useful lives, including major growth and efficiency improvement in the years ahead, and expected costs of completion for non-completed development areas.

Obviously, the budgets and forecasts forming the basis of the discounted cash flow calculations applied in the impairment tests are subject to uncertainty. A discount rate of 9.1% (2015: 9.1%) has been used in the calculations.

The impairment test of the assets mentioned did not give rise to any write-downs.

Management report

Outlook for 2017

A cautious assessment has been made of market conditions for 2017. The Company expects to realise moderate growth (2-6%) in 2017 primarily attributable to customer businesses' demand for business process outsourcing services and process-supporting tools.

An improved pre-tax profit margin (1% - 2%) is expected for 2017. Expectations are that the generation of earnings will improve because of continued focus on improving efficiency in 2017. The assumed revenue growth will also contribute positively.

Negative market developments compared to the expected scenario or failure to realise revenue growth or reductions in costs will have an adverse impact on expected growth and earnings performance.

Subsequent events

On 15 March 2017, Visma Danmark Holding A/S signed an agreement to acquire all shares in Team Siri Holding ApS, who owns the Bluegarden Group. The transaction will be closed when the Competition Authorities have approved it.

Besides the above, no other events have occurred since the balance sheet date that would materially influence the evaluation of this annual report.

Personal data, including EU General Data Protection Regulation (GDPR)

Bluegarden is currently fully compliant with applicable privacy legislation.

Bluegarden naturally follows developments around GDPR very close. This applies both to the clarification and interpretation in the EU institutions of the meaning and scope of the various articles of the Regulation and in relation to the national regulation. Bluegarden has a project team working on all aspects of the GDPR.

As to the individual articles of the GDPR is clarified and as the supplementary legislation in the member states is adopted, Bluegarden will implement, if necessary, new requirements for the processing personal data in Bluegarden.

Bluegarden will in good time before GDPR takes effect in May 2018, be compliant with the new legislation.

Bluegarden will also in good time before the GDPR takes effect, take the initiative to enter into new Data processor agreements with our customers and suppliers to secure, that our Data processor agreements meets the new legislation.

Particular risks

IT security and business continuity

As a technology business whose core services for customers are based on information technology, IT security, process safety and business continuity are crucial. This applies to both applications and production processes where quality assurance is the focal point. The Company requires a high level of security in own processes and in those of sub-contractors. Security is tested on a regular basis and verified through auditor's reports, and audits are also performed by companies specialized in IT security.

Market conditions and fluctuations

Demand for the Company's products and services is to some degree sensitive to economic developments as sales of payroll administration products are affected by the employment situation and the business climate in general. Risks are minimized by having a portfolio of products and services.

Management report

Financial risks

Bluegarden A/S' business activity does not imply currency risk except for minor exposures in NOK, SEK and EUR related to intercompany trade and other minor customers and suppliers. The Company manage interest rate risks related to the net interest-bearing debt. Steps are taken to reduce credit risks from customers by having processes in place for rating major customers.

Knowledge resources

Bluegarden's business activities are based on in-depth knowledge of and expertise in software development, payroll and HR administration. The Company requires that staff of the development, sales and service functions hold strong skills and have solid experience in the fields of payroll and HR so that they are always able to put themselves in the customer's position and provide services matching their demands and expectations.

In recent years, Management has prioritized development of the employees' competencies in the agile development methodology throughout the Group and not just within IT development. In addition, focus has been on strengthening the employees' awareness of process optimization to improve efficiency in their respective fields of responsibility and on how to create simple and effective solutions to the customers' needs.

Enhancing customer focus has been a major activity in 2016, both in the ongoing customer dialogue via the service functions, better self-service and in the user experience of our products. This among other things has led to a reduction of up to 40% of our customers' calls in the first week of January 2017 compared to the first week of 2016. Furthermore, delivery time towards our customers has been reduced by up to 50%.

The company has also worked with its core narrative and strategic roadmap. The aim is that the employees are even better in supporting the customer's business processes regarding payroll and HR, to make the customer's feel safe about their payroll and assure them of having a fully compliant payroll process. The focus will continue to be on securing the satisfaction of the customers, delivering sustainable result improvements and thereby raise the market share. Internally the focus will be on having a continuously high engagement and satisfaction among the employees, to enable the realization of the company's strategic goals.

At year-end 2016, the headcount was 320 compared to 298 at year-end 2015.

Statutory report on corporate social responsibility

At Bluegarden we believe that we can develop a profitable business while also demonstrating corporate social responsibility (CSR). Bluegarden's CSR policy has been established to support profitable performance in the following areas, directly as well as indirectly:
- Labour
- Climate, environment and energy
- Human rights and anti-corruption.
- Requirements for subcontractors and business partners on labour, human rights and anti-corruption.

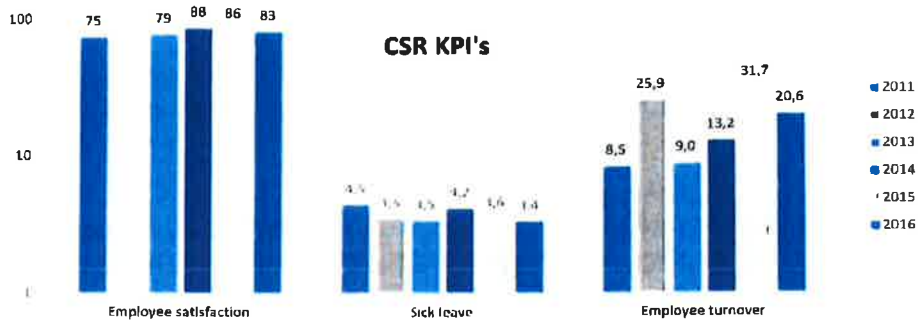
In our day-to-day operations, we pursue a CSR policy and support behavior that is based on activities that also produce higher profitability for the Company and its business partners.

Labour

For our employees, we want to ensure:
- Healthy and safe working conditions
- Job satisfaction of the employees
- Opportunities for Development and challenges
- Fair standard of salaries
- Equality and equal opportunities.

Management report

Labour , continued
In addition to these initiatives, employee involvement and competency development seek to keep employee satisfaction high, reduce staff turnover, reduce sickness absenteeism and further the diversity of staff mix.



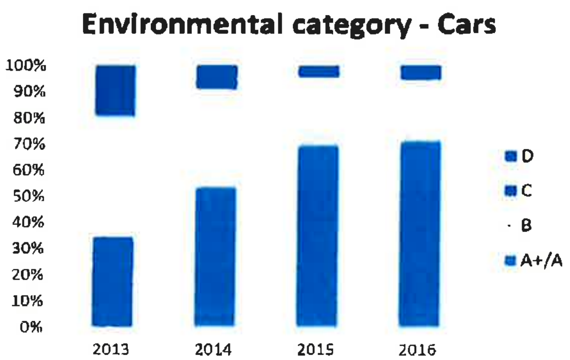
Employee satisfaction is generally stable, however the small decline in 2016 is most likely due to the restructuring process which has been the main theme in 2016 – primarily in changed work procedures and new enhanced targets. Sickness absenteeism remains at a stable, low level, while the negative development in staff turnover, particularly in 2012 and also in 2015, has been affected by organizational changes. The employee turnover is still at a high, but manageable level, which is still influenced by the changes made in the organization, new work methods and targets. Diversity has not been measured.

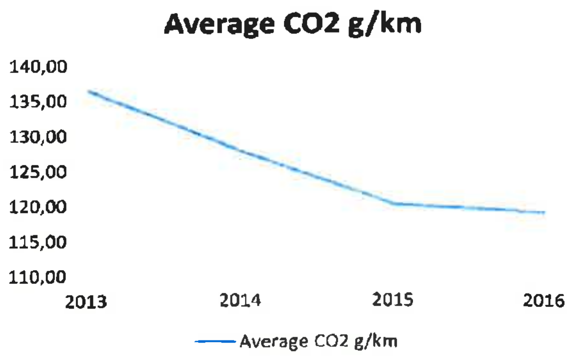
Climate, environment and energy
Based on having a generally profitable performance, Bluegarden is working on reducing its total CO2 emissions in accordance with the policy adopted.

Additionally Bluegarden makes an effort to help our customers reduce their consumption of paper by using electronic payslips and by providing an on-line storage feature that makes the large number of printouts superfluous for our customers. The reduction in output was 30% from 2015 to 2016.

The Company primarily emits CO2 in connection with car and air transport as well as electricity and heating in buildings.

Guidelines have been implemented governing the selection of cars, the aim of which is to ensure an environmentally sustainable car pool. The share of low ranking environmental cars have been reduced over the last few year from 20% of the total car pool in 2013 to 6% in 2016, and the average CO2 g/km emission has dropped from 136 in 2013 to 119 in 2016 per car. As for air transport, the policy is that, if possible, meetings are to be held as conference calls or video conferences. Emission from air transport has not been measured.





Management report

Human rights and anti-corruption.
All contracts that are made with Bluegarden A/S contains demands of enforcement of human rights and anti-corruption, and therefore Bluegarden A/S makes it a point to be leading in these areas as well. Human rights and anti-corruption has not been measured.

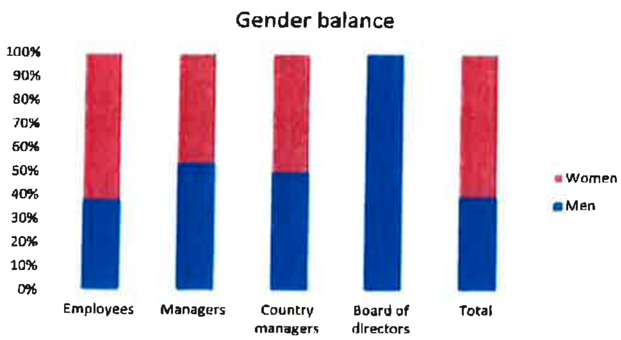
Requirements for subcontractors and business partners
Requirements regarding labour, human rights and anti-corruption are incorporated in the standard terms and in the negotiations for contracts with subcontractors. This policy was drawn up in 2013, and, in 2014, the requirements were incorporated in the standard terms for new and renegotiated contracts with subcontractors.

Report on gender composition of Management
The policy on equality stipulates that staff mix at all management levels should reflect the gender balance of the surrounding environment. Furthermore, equality compels staff to be respectful of the values of mutual respect, cohesion and diversity.

The gender compositions objective is considered fulfilled when at least 30% at each staff group are represented, or 20% in very small populations.

Through its recruiting activities, Bluegarden will ensure that both genders are represented in the selection of candidates. We want to promote an even gender balance in all job categories, however, without positive discrimination. All employments will still be made based on an overall assessment of who is best suited for the job.

Report on gender composition of Management, continued
Gender distribution for 2016 is illustrated below. The objective has been fulfilled with respect to staff, executives/mid-level managers and country management bodies. Bluegarden A/S still has a challenge with meeting the target in Group Board of Directors (members elected on the general meeting). This will be a focal point in future management changes.



Income statement 1. January - 31. December 2016

	Note	2016	2015
		TDKK	TDKK
Revenue	1	**481.376**	**477.099**
Cost of sales	2, 3, 4, 5	(176.679)	(200.575)
Gross profit		**304.697**	**276.524**
Research and development costs	2, 3, 4, 5	(89.628)	(110.675)
Sales and distribution costs	2, 3, 4, 5	(43.301)	(51.285)
Administrative expenses	2, 3, 4, 5	(70.423)	(80.762)
Profit from operations		**101.345**	**33.802**
Financial income	5	7.503	9.688
Financial expenses	6	(6.453)	(5.198)
Profit before tax		**102.395**	**38.292**
Tax on profit for the year	7	(22.661)	(8.957)
Profit for the year		**79.734**	**29.335**

Distribution

Proposed distribution of profit		
Ordinary dividend	60.000	120.000
Transferred to retained earnings	19.734	(90.665)
	79.734	**29.335**

Balance sheet 31. December 2016

Assets	Note	2016	2015
		TDKK	TDKK
Completed development projects		37.991	43.700
Acquired software		1.281	509
Goodwill		10.971	11.968
Development projects in progress		2.242	1.272
Intangible assets	8	**52.485**	**57.449**
Other plant and equipment		419	59
Leasehold improvements		1.068	1.322
Tangible assets	9	**1.487**	**1.381**
Other receivables		4.791	4.977
Financial assets		**4.791**	**4.977**
Total fixed assets		**58.763**	**63.807**
Trade receivables		25.164	26.153
Contract work in progress	10	-	1
Receivables at affiliated companies		194.859	264.437
Prepayments		20.685	12.551
Receivables		**240.708**	**303.142**
Cash		**39.096**	**35.215**
Total current assets		**279.804**	**338.356**
Total assets		**338.567**	**402.163**

Balance sheet 31. December 2016

Liabilities	Note	2016 TDKK	2015 TDKK
Share capital		10.000	10.000
Reserve for development projects		15.905	-
Retained earnings		38.897	35.068
Proposed dividend for the financial year		60.000	120.000
Equity		**124.802**	**165.068**
Deferred tax	11	7.600	8.158
Provisions		-	1.253
Total provisions		**7.600**	**9.411**
Credit institutions	12	101.621	103.349
Long term liabilities		**101.621**	**103.349**
Credit institutions	12	1.725	1.723
Trade payables		24.972	25.075
Prepayments received from customers		3.002	2.663
Payables to affiliated companies		1.600	1.182
Payable joint taxation contribution		14.281	11.016
Other payables		58.965	82.676
Short term liabilities		**104.545**	**124.335**
Liabilities other than provisions		**206.165**	**227.685**
Total equity, liabilities and provisions		**338.567**	**402.163**

Contingent liabilities and other financial obligations	13
Related parties and ownership	14

Statement of changes in equity

Equity

TDKK	Share capital	Reserve for development projects	Retained earnings	Proposed dividend	Total
Equity 1. January 2015	**10.000**		**125.422**	**80.000**	**215.422**
Dividend paid			-	(80.000)	(80.000)
Adjustment of hedge instruments at fair value			311	-	311
Profit for the year			(90.665)	120.000	29.335
Equity 1. January 2016	**10.000**	-	**35.068**	**120.000**	**165.068**
Dividend paid				(120.000)	(120.000)
Adjustment for development projects		15.905	(15.905)		-
Profit for the year			19.734	60.000	79.734
Equity 31. December 2016	**10.000**	**15.905**	**38.897**	**60.000**	**124.802**

The share capital of 10.000 TDKK is split on shares of 1 kr. or multiples thereof

There have been no changes to the share capital within the last 5 years except for the capital increase from 9.000 TDKK to 10.000 TDKK ind 2011.

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Notes

		2016 TDKK	2015 TDKK
1	**Revenue**		
	Revenue allocation by country:		
	Domestic	481.376	477.099
		481.376	**477.099**
	Revenue comprises salary handling and HR services		
2	**Staff costs**		
	Wages and salaries	169.318	226.474
	Pensions	19.252	21.617
	Social security costs	3.431	2.070
		192.000	**250.161**
	Wages, salaries, pension and social security costs are expensed as:		
	Costs of sales	50.790	107.211
	Research and development costs	56.045	62.397
	Sales and distribution costs	48.264	37.198
	Administration costs	30.227	37.109
	Capitalized own hours	6.675	6.246
		192.000	**250.161**
	This includes cost reinvoiced from group company of:		
	Fees to Management	6.006	13.679
	Fees to Management and Board of Directors	**6.006**	**13.679**

Fee to Management include severance costs for resigned director and remuneration in connection with the sale of the company in 2015.

		2016 TDKK	2015 TDKK
	Average number of employees	298	340
3	**Fees to independent auditors**		
	Audit fees	360	375
	Tax and VAT advice fees	98	99
	Other service fees	-	60
		458	**534**
4	**Depreciations and amortisation**		
	Intangible assets	26.563	24.793
	Tangible assets	356	292
		26.920	**25.085**
	Depreciations and amortisation are expensed as:		
	Costs of sales	358	685
	Research and development costs	23.680	19.360
	Sales and distribution costs	1.005	2.507
	Administration costs	1.876	2.533
		26.920	**25.085**

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Notes

		2016 TDKK	2015 TDKK
5	**Financial income**		
	Financial income from affiliated companies	7.469	9.662
	Other financial income	33	26
		7.503	**9.688**
6	**Financial expenses**		
	Other financial expenses	6.453	5.198
		6.453	**5.198**
7	**Tax on profit for the year**		
	Tax for the period	23.281	11.016
	Change in deferred tax	(456)	(1.563)
	Prior year adjustment, tax payable	(62)	(115)
	Prior year adjustment, deferred tax	(102)	-
	Adjustment of the tax rate	-	(381)
		22.661	**8.957**

8 **Intangible assets**

TDKK	Completed development projects	Acquired software	Goodwill	Development projects in progress
Cost at 1. January 2016	167.894	10.633	79.247	1.272
Additions	-	1.208	-	20.391
Disposals	(212)	(1.000)	-	-
Transfers between asset groups	19.421			(19.421)
Cost at 31. December 2016	187.104	10.840	79.247	2.242
Amortisation and write down 1. January 2016	124.195	10.124	67.279	-
Amortisation	25.130	436	997	-
Disposals	(212)	(1.000)		
Transfers between asset groups				
Amortisation and write down 31. December 2016	149.113	9.560	68.276	-
Carrying amount at 31. December 2016	**37.991**	**1.281**	**10.971**	**2.242**

Completed development projects

The main payroll and frontend systems are significant intangible assets that have been tested for impairment at 31. December 2016. The impairment test included expected selling prices, volumes and maintenance costs which are estimated to be realised over the systems' useful lives, including growth and efficiency improvement in the years ahead and expected costs of completion for non-completed development areas. The principal parameter used to calculate the value of completed development projects is a discount rate of 9.1% (2015: 9.4%). The calculation did not lead to any indication of impairment of local payroll and front-end systems.

Significant assets within other proprietary systems and software acquired have also been reviewed for impairment but no need for write down has been identified

Notes

8 Intangible assets, contined

	2016 TDKK	2015 TDKK
Amortisation of intangible assets are included in the following cost groups:		
Cost of sales	358	647
Research and development costs	23.680	19.360
Sales and distribution costs	1 005	2.507
Administrative expenses	1.520	2 279
	26.563	**24.793**

9 Tangible assets

TDKK	Other Plant and Equipment	Leasehold Improvements
Cost at 1. January 2016	16.912	4.078
Additions	463	-
Disposals	(281)	(213)
Transfers between asset groups		
Cost at 31. December 2016	17.094	3.865
Depreciation and write down 1. January 2016	16.853	2.756
Depreciation	102	254
Transfers between asset groups	(281)	(213)
Depreciation and write down 31. December 2016	16.674	2.797
Carrying amount at 31. December 2016	**419**	**1.068**

	2016 TDKK	2015 TDKK
Depreciation of tangible assets are expensed as:		
Cost of sales	-	38
Administrative expenses	356	254
	356	**292**

10 Contract work in progress

Sales value of contract work in progress	-	2.500
Payments on account	-	(2.499)
	-	1
Included in the balance sheet		
Contracts work in progress (asset)	-	1
	-	1

11 Deferred tax

Deferred tax at 1. January	8.157	10.001
Change in deferred tax	(456)	(1.564)
Prior year adjustment, deferred tax	(101)	-
Adjustment of the tax rate	-	(381)
Deferred tax re adjustment of hedge instrument at fair value	-	102
Deferred tax at 31. December	**7.600**	**8.158**
Intangible assets	9.133	10.002
Tangible assets	(500)	(652)
Financial instruments	-	-
Provisions	(1.033)	(1.192)
	7.600	**8.158**

Notes

	2016	2015
	TDKK	TDKK
12 Credit institutions		
After 5 years	94.125	95.869
Falling due within 2 to 5 years	7.495	7.480
Long term liablities	101.621	103.349
Falling due within 1 year	1.725	1.723

13 Contingent liabilities and other financial obligations

Leases
Covering the years 2017-2020 the company has entered leases regarding cars and office equipment at a total yearly expense of 2,5 MDKK.

The Company has property leases with a tenure from 9 months to 7 years. The yearly costs for the company amount to 11,1 MDKK.

Pledges
As part of the group loan agreement with the banks the shares in Bluegarden A/S have been pledged.

Contingent liabilities
Bluegarden A/S is jointly liable for VAT and other public charges together with the common registered group companies. Since 2013 the company is liable for income tax for the companies within the joint taxation and since 1. July 2012 for possible obligations to withhold tax on interest, royalties and dividend.

Bluegarden A/S is jointly liable for the Group's loan and credit facilities together with the parent companies Team Siri Holding ApS, Team Siri ApS and Bluegarden Holding A/S. The total debt as per 31 December 2016 amounted to 254 MDKK. Bluegarden A/S is together with the other group companies subject to a number of covenants related to the loans from credit institutions.

Contractual obligations
The Company has entered facility management agreements with a tenure up to 3 years and a cost in 2016 of 52 MDKK. Operation dependent variable costs will be added.

14 Related parties and ownership

Controlling interest and ownership
Bluegarden Holding A/S, Lautrupbjerg 6, 2750 Ballerup owns the share capital of Bluegarden A/S. The shares in Bluegarden Holding A/S are owned by Team Siri Aps, and the ultimate owner is Marlin Ultimate GP, LLC (USA)

Other related parties
The parent companies Team Siri Holding ApS, Team Siri ApS and Bluegarden Holding A/S including subsidiaries are the only related parties of Bluegarden A/S.

15 Subsequent events

On 15 March 2017, Visma Danmark Holding A/S signed an agreement to acquire all shares in Team Siri Holding ApS, who owns the Bluegarden Group. The transaction will be closed when the Competition Authorities have approved it.

Besides the above, no other events have occurred since the balance sheet date that would materially influence the evaluation of this annual report.

Notes

16 Accounting policies

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

Cash flow statement is not included with reference to the Danish Financial Statement Act § 86, point 4. The cash flow statement for the Group is included in the Annual report for Team Siri Holding ApS.

The accounting policies applied are consistent with those applied last year. The income statement is presented according to the functional structure as in previous years, however research and development costs are now shown seperately to improve transparency. Comparison figures have been adjusted.

Recognition and measurement

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Group, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered on recognition and measurement.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost, subsequently at fair value. Derivative financial instruments are recognised in other receivables or other payables.

Changes in the fair value of derivative financial statements classified as and complying with the requirements for hedging future transactions are taken directly to equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not qualify as hedging instruments, changes in fair market value are recognised currently in the income statement as financial income or financial expenses.

Notes

16 Accounting policies, continued

Income statement

Revenue
Revenue consists of invoiced sales, licencing income from standard software and fees etc from services sold if delivery has been made and risk has been transferred to the buyer before year-end and if the income can be determined reliably. License income from fixed-term contracts is recognised applying the straight-line method over the contract period. Revenue also includes non-invoiced sales which are recognised at the selling price of work completed based on the stage of completion at the balance sheet date (percentage of completion method).

Revenue is recognised net of VAT and duties and less sales discounts.

Cost of sales
Cost of sales include IT operations, software operating leases, external production costs, amortisation and depreciation, salaries and a share of indirect costs.

Research and development costs
Research and development costs comprise salaries, other staff related costs, external consultancy costs as well as amortisation of development costs capitalised and other costs directly og indirectly attributable to the research and delvelopment activitities.

Research and development costs are expensed in the year in which they incurred when they do not qualify for

Sales and distribution costs
Sales and distribution costs consist include sales commission, salaries, marketing, amortisation and depreciation and a share of indirect costs. Amortization of goodwill is allocated to sales and distribution costs.

Administrative expenses
Administrative expenses consist of expenses related to the Group's administrative functions, including salaries, amortisation and depreciation and a share of indirect costs.

Financial income and expenses
These items comprise interest income and interest expenses, realised and unrealised gains and losses from foreign currency transactions as well as tax surcharge and tax relief under the Danish Tax Prepayment Scheme.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to profit/loss for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The company is part of the joint taxation arrangement with Team Siri Holding ApS as the administration company The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Notes

16 Accounting policies, continued

Balance sheet

Intangible assets
Goodwill is amortised over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Goodwill is amortised on a straight-line basis over the amortisation period, which is 10 years.

The carrying amount is reviewed annually for impairment in addition to that reflected through amortisation

An impairment test is made in the event of indication of impairment. Write-down is made to the lower of recoverable amount and carrying amount.

Other intangible assets include development projects in progress and completed development projects with related intellectual property rights as well as software.

Development project costs comprise salaries, amortisation and other expenses that are directly or indirectly attributable to development activities.

Development projects regarding new products and material improvements of functionalities and processes of existing systems and products are recognised as intangible assets. It is a requirement in this respect that the development projects are identifiable, that the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and that the intention is to manufacture, market or use the product or process in question. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and consultancy services etc that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis over the estimated useful lives. The amortisation period is 2-7 years.

Uncompleted development projects are entered under projects in progress.

Software is recognised at historical cost less accumulated amortisation and any impairment losses. Amortisation is made on a straight-line basis over the estimated useful lives of the assets of no more than 10 years.

Other intangible assets are written down to the lower of recoverable amount and carrying amount.

Tangible assets
Tangible assets are measured at cost less accumulated depreciation

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The cost of a total asset is divided into separate components that are depreciated separately if the useful lives of the individual components are different.

Notes

16 Accounting policies, continued

Tangible assets, continued
Tangible assets are depreciated on a straight-line basis applying their estimated useful lives. Their estimated useful lives are:

Buildings	35 years
Plant and equipment	3-5 years
Leasehold improvements	5-15 years

Profits and losses from the sale of tangible assets are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Profits or losses are recognised in the income statement under other operating income or other operating expenses.

Impairment losses on fixed assets
The carrying amount is reviewed annually for impairment in addition to that reflected through depreciation. If any such indication exists, impairment tests are made of each asset and group of assets, respectively. Write-down is made to the lower of recoverable amount and carrying amount.

The recoverable amount is the higher of net selling price and value in use. Value in use is the present value of the estimated net income from using the asset or the group of assets.

Receivables
Receivables are measured at amortised cost, usually equalling the nominal amount. Write-down for bad and doubtful debts is made based on an assessment of the individual receivables.

Contract work in progress
Contract work in progress is measured at the selling price of work carried out at the balance sheet date. The selling price is measured based on the stage of completion and total estimated income from the individual contracts in progress.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Provisions
Provisions include expected costs of guarantee commitments, losses on work in progress, restructuring etc. Provisions are recognized as a result of past events, legal or constructive obligation.

Once it is likely that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Notes

16 Accounting policies, continued

Deferred tax assets and liabilities
Deferred tax is recognised on all temporary differences between the carrying amount and the tax base of assets and liabilities, for which the tax base of assets is calculated based on the planned use of each asset.

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect according to law at the balance sheet date when the deferred tax is estimated to crystallise as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

The company is jointly taxed with Danish parent company, which is the management company. The current Danish corporation tax is divided between the companies in proportion to their taxable income (full allocation with refunds for tax losses).

Current tax receivables and tax liabilities
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income that has been adjusted for prepaid tax.

Financial liabilities
Trade payables, payables to affiliated companies and other debt are measured at amortised cost, usually equalling the nominal amount.

Prepayments
Prepayments recorded as assets comprise incurred costs relating to subsequent financial years.

Prepayment received include payments received relating to income in subsequent financial years. Such items are measured at cost.

Financial highlights
The ratios and figures shown in the statement of financial highlights and key figures are calculated as follows:

Gross margin	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit/loss before financial income and expenses x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss before financial income and expenses x 100}}{\text{Total assets}}$
Equity ratio	$\frac{\text{Equity at year-end x 100}}{\text{Total assets}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities x 100}}{\text{Average equity}}$