

# Financial Statements

## ECI Software Solutions Limited

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**For the year ended 31 December 2014**

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COMPANIES HOUSE

**Registered number: 04162072**

## Company Information

**Company registration number** 04162072

**Registered office** Newland House  
Weaver Road  
Lincoln  
England  
LN6 3QN

**Directors** Mr G P Kushner  
Mr D Jones (appointed 8 January 2015)

**Secretary** Mr D Jones

**Bankers** JP Morgan Chase  
1 Chaseside  
Bournemouth  
BH7 7DA

**Independent auditor** Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
101 Cambridge Science Park  
Milton Road  
Cambridge  
Cambridgeshire  
CB4 0FY

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# **Strategic Report**

**For the year ended 31 December 2014**

## **Business review**

The company is principally engaged in the development and supply of computerised business systems. Against a challenging economic backdrop the directors are satisfied with the results for the year.

## **Principal risks and uncertainties**

The company recognises that some of the main risks and uncertainties are as follows:

- Global economic conditions that particularly impact the company's customers, which are mitigated by having a geographically diverse customer base.
- Competitive pressures, which the company addresses by investment in development.
- Consolidation in the customer base.
- Dependence on one key industry vertical, which the company is addressing by diversifying into other industries.

## **Financial key performance indicators**

The company reports on a number of key performance indicators (KPIs) in its monthly management accounts, the main focus being on turnover, gross margins and overhead costs.

In 2014 some of these KPIs were as follows:

- Turnover of £5.2m (an increase on 2013 of 75%). Part of this increase is due to all revenue previously recognised in BlueSky Systems Solutions Limited now being recognised in ECi Software Solutions Limited after the hive across in December 2013. When taking account of prior year BlueSky revenue of £1.9m, total revenue has increased by 5%.
- Gross margin of 92% (2013: 89%)
- Overhead costs of £4.5m (2013: £3.3m).

## **Financial risk management objectives and policies**

The company uses various financial instruments, mainly loans from group companies but also cash and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, primarily currency risk.

The company finances its operations through a mixture of retained profits and long term capital contributions from its parent company. The company's exposure to interest rate fluctuations is mitigated by the inter company funding.

The company is exposed to transaction foreign exchange risk. Transaction exposures, where possible, are hedged through the use of foreign currency bank accounts.

## Strategic Report (continued)

For the year ended 31 December 2014

### Future developments

The company continues to invest in development in order to extend its product range and quality. In association with other companies in the wider group it is investing in the development of new products to address additional vertical market opportunities in Europe.

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



Mr D Jones  
Director

Date: 28<sup>th</sup> September 2015

## Directors' Report

For the year ended 31 December 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

### Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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

The directors who served during the year were:

Mr K Hunter (resigned 31 December 2014)  
Mr G P Kushner

Since the balance sheet date, Mr D Jones has been appointed as a director.

### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director 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 auditor is aware of that information.

ECI Software Solutions Limited

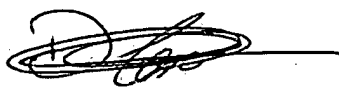
## Directors' Report

For the year ended 31 December 2014

### Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



Mr D Jones  
Director

Date: 28<sup>th</sup> September 2015



## Independent Auditor's Report to the Members of ECI Software Solutions Limited

We have audited the financial statements of ECI Software Solutions Limited for the year ended 31 December 2014, which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 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.





## Independent Auditor's Report to the Members of ECI Software Solutions Limited

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

A handwritten signature in black ink, appearing to read "Grant Thornton UK LLP".

Paul Brown (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Cambridge

Date:

28 September 2015

## Profit and Loss Account

For the year ended 31 December 2014

	Note	2014 £	2013 £
<b>Turnover</b>	1,2	5,164,580	2,948,368
<b>Cost of sales</b>		(431,659)	(323,431)
<b>Gross profit</b>		4,732,921	2,624,937
Administrative expenses		(4,557,469)	(3,285,596)
Other operating income	3	49,200	440,758
Restructuring costs		(7,739)	(36,994)
<b>Operating profit/(loss)</b>	4	216,913	(256,895)
Interest receivable and similar income		257	275
Interest payable and similar charges		(248,662)	(5)
<b>Loss on ordinary activities before taxation</b>		(31,492)	(256,625)
Tax on loss on ordinary activities	7	22,156	-
<b>Loss for the financial year</b>	16	(9,336)	(256,625)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 9 to 17 form part of these financial statements.

## Balance Sheet

As at 31 December 2014

	Note	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Intangible assets	8		4,420,062		5,074,544
Tangible assets	9		349,118		430,625
			<u>4,769,180</u>		<u>5,505,169</u>
<b>Current assets</b>					
Stocks	10	5,160		7,029	
Debtors	11	1,535,201		756,921	
Cash at bank and in hand		795,663		591,479	
			<u>2,336,024</u>	<u>1,355,429</u>	
<b>Creditors: amounts falling due within one year</b>	12	(1,567,762)		(742,109)	
<b>Net current assets</b>			<u>768,262</u>		<u>613,320</u>
<b>Total assets less current liabilities</b>			<u>5,537,442</u>		<u>6,118,489</u>
<b>Creditors: amounts falling due after more than one year</b>	13		(3,172,051)		(3,743,762)
<b>Net assets</b>			<u><u>2,365,391</u></u>		<u><u>2,374,727</u></u>
<b>Capital and reserves</b>					
Called up share capital	15		352		352
Share premium account	16		236,264		236,264
Other reserves	16		1,320,878		1,320,878
Profit and loss account	16		807,897		817,233
<b>Shareholders' funds</b>	17		<u><u>2,365,391</u></u>		<u><u>2,374,727</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by



Mr D Jones  
Director

Date: 28<sup>th</sup> September 2015

The notes on pages 9 to 17 form part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 December 2014

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

### 1.2 Going concern

Despite reporting a loss in the current year, the company has sufficient financial resources together with a large long-standing customer base. The Company also has the ongoing support of its parent, ECI Acquisition Holdings Limited. As a consequence the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual accounts.

### 1.3 Cash flow

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent, ECI Acquisitions Holdings, Inc, publishes a consolidated cash flow statement.

### 1.4 Related party transactions

The company is indirectly a wholly owned subsidiary of ECI Acquisition Holdings Inc, whose consolidated accounts are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the group.

### 1.5 Turnover

Turnover represents the amount derived from the provision of goods and services during the year net of value added tax. Maintenance contract revenues are invoiced on a monthly basis, therefore revenue is recognised as invoiced.

### 1.6 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

Developed technology and customer relationships are included at cost and depreciated in equal annual instalments over their estimated useful economic life. Provision is made for any impairment.

Amortisation is provided at the following rates:

Developed technology	-	6 years
Goodwill	-	11 years
Customer relationships	-	11 years

# Notes to the Financial Statements

For the year ended 31 December 2014

## 1. Accounting Policies (continued)

### 1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	10% - 33%
Office equipment	-	15% - 33%
Computer equipment	-	25% - 33%
Computer software	-	33%

### 1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

### 1.9 Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### 1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

### 1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

### 1.12 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

# Notes to the Financial Statements

For the year ended 31 December 2014

## 2. Turnover

A geographical analysis of turnover is as follows:

	2014 £	2013 £
United Kingdom	4,622,874	2,486,638
Rest of world	541,706	461,730
	<u>5,164,580</u>	<u>2,948,368</u>

## 3. Other operating income

	2014 £	2013 £
Management charges receivable	<u>49,200</u>	<u>440,758</u>

## 4. Operating profit/(loss)

The operating loss is stated after charging:

	2014 £	2013 £
Amortisation of goodwill	506,896	298,162
Depreciation of tangible fixed assets:		
- owned by the company	190,646	195,706
Auditor's remuneration	-	19,500
Auditor's remuneration - non-audit	-	5,900
Operating lease rentals:		
- other operating leases	85,437	74,607
Difference on foreign exchange	28,932	1,199
Amortisation of developed technology and customer relationships	<u>271,562</u>	<u>315,190</u>

## 5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	2,072,009	1,518,143
Social security costs	217,190	172,452
Other pension costs	33,002	10,292
	<u>2,322,201</u>	<u>1,700,887</u>

# Notes to the Financial Statements

For the year ended 31 December 2014

## 5. Staff costs (continued)

The average monthly number of employees, including the directors, during the year was as follows:

2014 No.	2013 No.
63	51

## 6. Directors

	2014 £	2013 £
Remuneration	76,157	85,637
Company pension contributions to defined contribution pension schemes	16,350	1,608

During the year retirement benefits were accruing to 1 director (2013 - 1) in respect of defined contribution pension schemes.

## 7. Taxation

	2014 £	2013 £
UK corporation tax (credit)/charge on loss for the year	(22,156)	-

# Notes to the Financial Statements

For the year ended 31 December 2014

## 7. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%). The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	<u>(31,492)</u>	<u>(256,625)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%)	(6,768)	(59,665)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	182	809
Depreciation in excess of capital allowances	3,249	2,814
Utilisation of tax losses	(49,325)	-
Fixed asset timing differences	52,662	-
Adjustments to tax charge in respect of prior periods	(22,156)	-
Other differences leading to an increase (decrease) in the tax charge	-	(1,341)
Group relief	-	57,383
<b>Current tax (credit)/charge for the year (see note above)</b>	<u><b>(22,156)</b></u>	<u><b>-</b></u>

The company has approximately £606k (2013 - £865k) of trading losses available to relieve against future profits.



## Notes to the Financial Statements

For the year ended 31 December 2014

**8. Intangible fixed assets**

	Developed technology & customer relationships £	Goodwill £	Total £
<b>Cost</b>			
At 1 January 2014	3,127,682	5,575,861	8,703,543
Additions	123,976	-	123,976
At 31 December 2014	3,251,658	5,575,861	8,827,519
<b>Amortisation</b>			
At 1 January 2014	1,864,874	1,764,125	3,628,999
Charge for the year	271,562	506,896	778,458
At 31 December 2014	2,136,436	2,271,021	4,407,457
<b>Net book value</b>			
At 31 December 2014	1,115,222	3,304,840	4,420,062
At 31 December 2013	1,262,808	3,811,736	5,074,544

**9. Tangible fixed assets**

	Fixtures & fittings £	Office equipment £	Computer equipment £	Computer software £	Total £
<b>Cost</b>					
At 1 January 2014	243,288	27,904	486,515	161,407	919,114
Additions	3,611	515	97,841	7,169	109,136
Disposals	(9,556)	(16,938)	(208,399)	(54,021)	(288,914)
At 31 December 2014	237,343	11,481	375,957	114,555	739,336
<b>Depreciation</b>					
At 1 January 2014	65,065	21,948	309,337	92,139	488,489
Charge for the year	25,046	2,929	119,492	43,176	190,643
On disposals	(9,556)	(16,938)	(208,399)	(54,021)	(288,914)
At 31 December 2014	80,555	7,939	220,430	81,294	390,218
<b>Net book value</b>					
At 31 December 2014	156,788	3,542	155,527	33,261	349,118
At 31 December 2013	178,223	5,956	177,178	69,268	430,625

## Notes to the Financial Statements

For the year ended 31 December 2014

**10. Stocks**

	2014	2013
	£	£
Finished goods and goods for resale	5,160	7,029

**11. Debtors**

	2014	2013
	£	£
Trade debtors	1,202,656	627,979
Amounts owed by group undertakings	252,804	34,909
Other debtors	12,446	6,586
Prepayments and accrued income	67,295	87,447
	<u>1,535,201</u>	<u>756,921</u>

**12. Creditors:****Amounts falling due within one year**

	2014	2013
	£	£
Trade creditors	87,852	59,171
Amounts owed to group undertakings	71,183	106,587
Other taxation and social security	285,217	239,015
Accruals and deferred income	1,123,510	337,336
	<u>1,567,762</u>	<u>742,109</u>

**13. Creditors:****Amounts falling due after more than one year**

	2014	2013
	£	£
Loan notes owed to group undertakings	3,172,051	3,743,762

Creditors include amounts not wholly repayable within 5 years as follows:

	2014	2013
	£	£
Repayable other than by instalments	-	3,743,762

# Notes to the Financial Statements

For the year ended 31 December 2014

## 13. Creditors:

### Amounts falling due after more than one year (continued)

The loan notes were issued to BlueSky Systems Solutions Limited as partial consideration for the company's trade and assets in 2013. During 2014 BlueSky Systems Solutions Limited was liquidated and the loan notes are now held by ECi Software Solutions Europe Holdings Limited. The loan notes accrue interest at 8% per annum, payable bi-annually on 30 June and 31 December. The principal amount is payable in its entirety no later than 31 December 2018.

## 14. Commitments under operating leases

At 31 December 2014 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2014	2013	2014	2013
	£	£	£	£
Expiry date:				
Between 2 and 5 years	35,420	27,963	-	5,218
After more than 5 years	53,975	53,975	-	-

## 15. Share capital

	2014	2013
	£	£
Allotted, called up and fully paid		
352 Ordinary shares shares of £1 each	352	352

## 16. Reserves

	Share premium account	Capital contribut'n	Profit and loss account
	£	£	£
At 1 January 2014	236,264	1,320,878	817,233
Loss for the financial year	-	-	(9,336)
At 31 December 2014	236,264	1,320,878	807,897

# Notes to the Financial Statements

For the year ended 31 December 2014

## 17. Reconciliation of movement in shareholders' funds

	2014	2013
	£	£
Opening shareholders' funds	2,374,727	3,860,474
Loss for the financial year	(9,336)	(256,625)
Repayment of capital contribution	-	(1,229,122)
Closing shareholders' funds	<u>2,365,391</u>	<u>2,374,727</u>

## 18. Ultimate parent undertaking and controlling party

100% of the issued share capital of the company is owned by ECI Software Solutions Europe Holdings Ltd, a company registered in England and Wales. The directors consider this to be the immediate parent undertaking.

At 31 December 2014 the ultimate parent company was ECI Acquisition Holdings, Inc, a company incorporated in the USA. Copies of the accounts of the company are available from 4400 Alliance Gateway Freeway, Suite 154, Fort Worth, TX, 76177, and this is the only group in which the results of the company are consolidated.

The Company considers the ultimate controlling party to be Carlyle Investment Management L.L.C., a company incorporated in the USA, by virtue of their shareholding in ECI Acquisition Holdings, Inc.