Grant Thornton

Financial Statements
ECI Software Solutions Limited

For the year ended 31 December 2013

Registered number: 04162072

Company Information

Company registration number	04162072
Registered office	Newland House Weaver Road Lincoln England LN6 3QN
Directors	Mr K Hunter Mr G P Kushner
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 2013

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. While the results published here do not show this picture, when combined with the results of BlueSky Systems Solutions Limited which was hived across on 31 December 2013, this shows a business moving into profitability.

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 2013 some of these KPIs were as follows (compared with 2012):

- Turnover of £2.9m (a decrease of 4.0%)
- Gross margins of 89% (2012: 89%).
- Overhead costs of £3.3m (a decrease of 2.4%).

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 2013

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 K Hunter
Director

Date: 19 September 2014

Directors' Report

For the year ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

Results

The loss for the year, after taxation, amounted to £256,625 (2012 - loss £403,969).

At 31 December 2013, the entire trade and assets of a fellow subsidiary, Bluesky Systems Solutions Limited, were hived across into the Company in exchange for consideration comprising £300k cash and £3,744k of intercompany loan notes.

Directors

The directors who served during the year were:

Mr K Hunter
Mr G P Kushner

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.

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.

Directors' Report
For the year ended 31 December 2013

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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

Mr K Hunter
Director

Date: 19 September 2014

GrantThornton

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 2013, 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 (APB'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/apb/scope/private.cfm.

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 2013 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.

Grant Thornton

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.

Grant Thornton UK LLP

Paul Brown (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Cambridge
Date: 22 September 2014

Profit and Loss Account

For the year ended 31 December 2013

	Note	2013 £	2012 £
Turnover	1,2	**2,948,368**	3,086,951
Cost of sales		**(323,431)**	(329,378)
Gross profit		**2,624,937**	2,757,573
Administrative expenses		**(3,285,596)**	(3,366,533)
Other operating income	3	**440,758**	219,937
Restructuring costs		**(36,994)**	(15,382)
Operating loss	4	**(256,895)**	(404,405)
Interest receivable and similar income		**275**	436
Interest payable and similar charges		**(5)**	-
Loss on ordinary activities before taxation		**(256,625)**	(403,969)
Tax on loss on ordinary activities	7	**-**	-
Loss for the financial year	17	**(256,625)**	(403,969)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 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 2013

	Note		2013		2012
		£	£	£	£
Fixed assets					
Intangible assets	8		**5,074,544**		3,391,819
Tangible assets	9		**430,625**		420,999
			5,505,169		3,812,818
Current assets					
Stocks	10	**7,029**		3,211	
Debtors	11	**756,921**		537,726	
Cash at bank and in hand		**591,479**		364,332	
		1,355,429		905,269	
Creditors: amounts falling due within one year	12	**(742,109)**		(857,613)	
Net current assets			**613,320**		47,656
Total assets less current liabilities			**6,118,489**		3,860,474
Creditors: amounts falling due after more than one year	13		**(3,743,762)**		-
Net assets			**2,374,727**		3,860,474
Capital and reserves					
Called up share capital	16		**352**		352
Share premium account	17		**236,264**		236,264
Other reserves	17		**1,320,878**		2,550,000
Profit and loss account	17		**817,233**		1,073,858
Shareholders' funds	18		**2,374,727**		3,860,474

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

Mr K Hunter
Director

Date: 19 September 2014

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

Notes to the Financial Statements

For the year ended 31 December 2013

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 2013

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted at the balance sheet date.

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.

Notes to the Financial Statements

For the year ended 31 December 2013

1. Accounting Policies (continued)

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.

2. Turnover

A geographical analysis of turnover is as follows:

	2013	2012
	£	£
United Kingdom	**2,486,638**	2,649,061
Rest of world	**461,730**	437,890
	2,948,368	3,086,951

3. Other operating income

	2013	2012
	£	£
Management charges receivable	**440,758**	219,937

4. Operating loss

The operating loss is stated after charging:

	2013	2012
	£	£
Amortisation of goodwill	**298,162**	298,162
Depreciation of tangible fixed assets:		
- owned by the company	**195,706**	156,025
Auditor's remuneration	**19,500**	19,500
Auditor's remuneration - non-audit	**5,900**	5,250
Operating lease rentals:		
- other operating leases	**74,607**	79,189
Difference on foreign exchange	**1,199**	36,467
Amortisation of developed technology and customer relationships	**315,190**	315,190

Notes to the Financial Statements

For the year ended 31 December 2013

5. Staff costs

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

	2013	2012
	£	£
Wages and salaries	**1,518,143**	1,476,037
Social security costs	**172,452**	159,814
Other pension costs	**10,292**	4,503
	1,700,887	1,640,354

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

	2013	2012
	No.	No.
	51	53

6. Directors

	2013	2012
	£	£
Remuneration	**86,371**	88,398
Company pension contributions to defined contribution pension schemes	**1,608**	1,074

During the year retirement benefits were accruing to 1 director (2012 - 1) in respect of defined contribution pension schemes.

7. Taxation

	2013	2012
	£	£
UK corporation tax charge on loss for the year	**-**	-

Notes to the Financial Statements
For the year ended 31 December 2013

7. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013	2012
	£	£
Loss on ordinary activities before tax	(256,625)	(403,969)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	(59,665)	(98,972)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	809	442
Capital allowances for year in excess of depreciation	2,814	(2,624)
Unrelieved tax losses carried forward	-	76,686
Other differences leading to an increase (decrease) in the tax charge	(1,341)	-
Group relief	57,383	24,468
Current tax charge for the year (see note above)	-	-

The company has approximately £865k (2012 - £865k) of trading losses available to relieve against future profits.

8. Intangible fixed assets

	Developed technology & customer relationships	Goodwill	Total
	£	£	£
Cost			
At 1 January 2013	3,127,682	3,279,784	6,407,466
Additions (note 14)	-	2,296,077	2,296,077
At 31 December 2013	3,127,682	5,575,861	8,703,543
Amortisation			
At 1 January 2013	1,549,684	1,465,963	3,015,647
Charge for the year	315,190	298,162	613,352
At 31 December 2013	1,864,874	1,764,125	3,628,999
Net book value			
At 31 December 2013	1,262,808	3,811,736	5,074,544
At 31 December 2012	1,577,998	1,813,821	3,391,819

Notes to the Financial Statements

For the year ended 31 December 2013

9. Tangible fixed assets

	Fixtures & fittings £	Office equipment £	Computer equipment £	Computer software £	Total £
Cost					
At 1 January 2013	160,010	43,288	445,562	166,936	815,796
Additions	70,851	4,249	89,874	21,371	186,345
Transferred on hive across	13,522	-	26,791	3,329	43,642
Disposals	(1,095)	(19,632)	(75,712)	(30,230)	(126,669)
At 31 December 2013	243,288	27,905	486,515	161,406	919,114
Depreciation					
At 1 January 2013	35,359	37,091	244,046	78,301	394,797
Charge for the year	20,464	4,489	128,186	42,567	195,706
Transferred on hive across	10,337	-	12,817	1,501	24,655
On disposals	(1,095)	(19,632)	(75,712)	(30,230)	(126,669)
At 31 December 2013	65,065	21,948	309,337	92,139	488,489
Net book value					
At 31 December 2013	178,223	5,957	177,178	69,267	430,625
At 31 December 2012	124,651	6,197	201,516	88,635	420,999

10. Stocks

	2013 £	2012 £
Finished goods and goods for resale	7,029	3,211

11. Debtors

	2013 £	2012 £
Trade debtors	627,979	424,924
Amounts owed by group undertakings	34,909	32,680
Other debtors	6,586	2,455
Prepayments and accrued income	87,447	77,667
	756,921	537,726

Notes to the Financial Statements

For the year ended 31 December 2013

12. Creditors:
Amounts falling due within one year

	2013	2012
	£	£
Trade creditors	59,171	87,448
Amounts owed to group undertakings	106,587	398,959
Other taxation and social security	239,015	187,182
Accruals and deferred income	337,336	184,024
	742,109	857,613

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

	2013	2012
	£	£
Loan notes owed to group undertakings	3,743,762	-

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

	2013	2012
	£	£
Repayable other than by instalments	3,743,762	-

The loan notes were issued to Bluesky Systems Solutions Limited as partial consideration for the company's trade and assets. 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.

Notes to the Financial Statements

For the year ended 31 December 2013

14. Acquisition of trade and assets

On 31 December 2013, the entire trade and assets of Bluesky Systems Solutions Limited were acquired in consideration for £300,000 cash and £3,743,762 of intercompany loan notes.

	£
Consideration paid	
Cash	**300,000**
Intercompany loan notes	**3,743,762**
Total consideration	**4,043,762**
Assets and liabilities acquired	
Tangible fixed assets	**18,984**
Cash	**190,164**
Debtors	**1,839,682**
Creditors	**(301,145)**
Net assets acquired	**1,747,685**
Goodwill recognised on purchase of trade and assets	**2,296,077**

15. Commitments under operating leases

At 31 December 2013 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			**Other**
	2013	2012	**2013**	2012
	£	£	**£**	£
Expiry date:				
Within 1 year	**-**	6,796	**-**	-
Between 2 and 5 years	**27,963**	-	**5,218**	10,069
After more than 5 years	**53,975**	53,975	**-**	-

16. Share capital

	2013	2012
	£	£
Authorised		
1,000 Ordinary shares shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
352 Ordinary shares shares of £1 each	**352**	352

Notes to the Financial Statements

For the year ended 31 December 2013

17. Reserves

	Share premium account	Capital contribut'n	Profit and loss account
	£	£	£
At 1 January 2013	236,264	2,550,000	1,073,858
Loss for the financial year	-	-	(256,625)
Repayment of capital contribution	-	(1,229,122)	-
At 31 December 2013	236,264	1,320,878	817,233

18. Reconciliation of movement in shareholders' funds

	2013	2012
	£	£
Opening shareholders' funds	3,860,474	5,027,434
Loss for the financial year	(256,625)	(403,969)
Repayment of capital contribution	(1,229,122)	(762,991)
Closing shareholders' funds	2,374,727	3,860,474

19. Post balance sheet events

Subsequent to the year end, Carlyle Investment Management L.L.C., a company incorporated in the USA, acquired a controlling shareholding in the Company's ultimate parent entity, ECI Acquisition Holdings, Inc.

20. 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 2013 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.

Subsequent to the year end, ECI Acquisition Holdings, Inc was acquired by Carlyle Investment Management L.L.C. At the point of signing 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.