

Registered number: 04162072

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**ECI SOFTWARE SOLUTIONS LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**



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## ECI SOFTWARE SOLUTIONS LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	N Gradwell (resigned 30 June 2019) G P Kushner D Jones
<b>Secretary</b>	D Jones
<b>Company registration number</b>	04162072
<b>Registered office</b>	Eden House Whisby Road Lincoln Lincolnshire LN6 3DG
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor Regent House 80 Regent Road Leicester LE1 7NH

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**ECI SOFTWARE SOLUTIONS LIMITED**

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**CONTENTS**

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	Page
<b>Strategic report</b>	1 - 2
<b>Directors' report</b>	3 - 4
<b>Independent auditor's report</b>	5 - 7
<b>Statement of comprehensive income</b>	8
<b>Balance sheet</b>	9
<b>Statement of changes in equity</b>	10
<b>Notes to the financial statements</b>	11 - 25

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## ECI SOFTWARE SOLUTIONS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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#### Company information and principal activity

ECI Software Solutions Limited is a privately held limited company incorporated in England and Wales.

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 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 overheads costs.

In 2018 these KPIs were as follows:

- Turnover of £5.3m (2017: £5.2m)
- Gross margin of 94% (2017: 93%)
- Overhead costs of £6.5m (2017: £6.0m)

#### 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 intercompany funding.

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

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**ECI SOFTWARE SOLUTIONS LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**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 on 25 September 2019 and signed on its behalf.



**D Jones**  
Director

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## ECI SOFTWARE SOLUTIONS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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The directors present their report and the financial statements for the year ended 31 December 2018.

#### Results and dividends

The loss for the year, after taxation, amounted to £1,327,258 (2017 - loss £969,922).

The directors do not propose to pay any dividends (2017: £Nil).

A prior year adjustment has been processed to increase amounts due to group undertakings as at 31 December 2017 to bring the accounts in line with contracted amounts. This has resulted in a reduction in retained earnings at 1 January 2017 and did not impact the previously reported result for 2017, this is explained in more detail in note 2.17.

#### Directors

The directors who served during the year were:

N Gradwell (resigned 30 June 2019)  
G P Kushner  
D Jones

#### 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the 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 judgements 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 to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

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**ECI SOFTWARE SOLUTIONS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**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 the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the 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.

**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 on 25 September 2019 and signed on its behalf.



**D Jones**  
Director



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECI SOFTWARE SOLUTIONS LIMITED

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### Opinion

We have audited the financial statements of ECI Software Solutions Limited (the 'company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive income, the Balance sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.





## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECI SOFTWARE SOLUTIONS LIMITED (CONTINUED)**

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Directors' Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

We have nothing to report in respect of the following matters in relation to which 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECI SOFTWARE SOLUTIONS LIMITED  
(CONTINUED)**

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**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

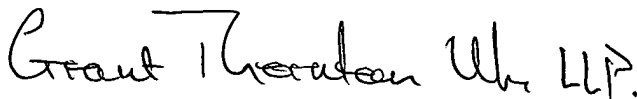
**Auditor's responsibilities for the audit of the financial statements**

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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**Use of our report**

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.



Christopher Frostwick  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
East Midlands

25 September 2019

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**ECI SOFTWARE SOLUTIONS LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	Note	2018 £	2017 £
Turnover	4	5,305,512	5,246,184
Cost of sales		(341,657)	(354,713)
<b>Gross profit</b>		<b>4,963,855</b>	<b>4,891,471</b>
Administrative expenses		(6,520,753)	(5,953,228)
Other operating income	5	272,400	178,800
<b>Operating loss</b>	6	<b>(1,284,498)</b>	<b>(882,957)</b>
Interest receivable and similar income		479	2,317
Interest payable and expenses	10	(43,239)	(89,514)
<b>Loss before tax</b>		<b>(1,327,258)</b>	<b>(970,154)</b>
Tax on loss	11	-	232
<b>Loss for the financial year</b>		<b>(1,327,258)</b>	<b>(969,922)</b>
 <b>Total comprehensive income for the year</b>		 <b>(1,327,258)</b>	 <b>(969,922)</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

The notes on pages 11 to 25 form part of these financial statements.

**ECI SOFTWARE SOLUTIONS LIMITED**  
**REGISTERED NUMBER:04162072**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 (as restated) £
<b>Fixed assets</b>			
Intangible assets	12	1,339,417	2,104,045
Tangible assets	13	365,388	255,515
		<u>1,704,805</u>	<u>2,359,560</u>
<b>Current assets</b>			
Stocks	14	5,452	5,516
Debtors: amounts falling due within one year	15	1,050,436	1,063,223
Cash at bank and in hand	16	287,887	216,326
		<u>1,343,775</u>	<u>1,285,065</u>
Creditors: amounts falling due within one year	17	(3,505,203)	(2,773,990)
<b>Net current liabilities</b>		<u>(2,161,428)</u>	<u>(1,488,925)</u>
<b>Total assets less current liabilities</b>		<u>(456,623)</u>	<u>870,635</u>
<b>Net (liabilities)/assets</b>		<u><u>(456,623)</u></u>	<u><u>870,635</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	352	352
Share premium account	18	236,264	236,264
Other reserves	18	1,320,878	1,320,878
Profit and loss account	18	(2,014,117)	(686,859)
		<u>(456,623)</u>	<u>870,635</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2019.



**D Jones**  
Director

The notes on pages 11 to 25 form part of these financial statements.

**ECI SOFTWARE SOLUTIONS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2018	352	236,264	1,320,878	(686,859)	870,635
Loss for the year	-	-	-	(1,327,258)	(1,327,258)
<b>At 31 December 2018</b>	<b>352</b>	<b>236,264</b>	<b>1,320,878</b>	<b>(2,014,117)</b>	<b>(456,623)</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2017 (as previously stated)	352	236,264	1,320,878	457,278	2,014,772
Prior year adjustment	-	-	-	(174,215)	(174,215)
At 1 January 2017 (as restated)	352	236,264	1,320,878	283,063	1,840,557
Loss for the year	-	-	-	(969,922)	(969,922)
<b>At 31 December 2017 (as restated)</b>	<b>352</b>	<b>236,264</b>	<b>1,320,878</b>	<b>(686,859)</b>	<b>870,635</b>

The prior year adjustment has been fully explained in note 2.17.

The notes on pages 11 to 25 form part of these financial statements.

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## ECI SOFTWARE SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1. General information

ECI Software Solutions Limited is a private company limited by shares & incorporated in England and Wales. Its registered head office is located at Eden House, Whisby Road, Lincoln, Lincolnshire, United Kingdom, LN6 3DG. It is a wholly owned subsidiary of ECI Acquisition Holdings, Inc, whose registered address is 4400 Alliance Gateway Freeway, Suite 154, Fort Worth, TX, 76177.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

##### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b), 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraphs 33.7

This information is included in the consolidated financial statements of ECI Acquisition Holdings, Inc as at 31 December 2018 and these financial statements may be obtained from 4400 Alliance Gateway Freeway, Suite 154, Fort Worth, TX, 76177. This is the only group in which the results of the company are consolidated.

##### 2.3 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, Inc. 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.

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## ECI SOFTWARE SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2. Accounting policies (continued)

##### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Consistent with the above, revenue from key revenue streams are recognised as follow:

Software licence revenue is recognised when the licence to use related software is issued.

Maintenance income is billed 90 days after customer order on a monthly basis and deferred up until the Go Live date, when it is all released. After this point it is recognised monthly as billed.

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## ECI SOFTWARE SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2. Accounting policies (continued)

##### 2.5 Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Software development costs are recognised as an Intangible asset when all of the following criteria are demonstrated:

Amortisation is provided on the following bases:

Developed technology and customer relations	-	6 years and 11 years respectively
Goodwill	-	11 years
Computer software	-	33%

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

##### 2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	- 10% to 33%
Computer equipment	- 25% to 33%



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## ECI SOFTWARE SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2. Accounting policies (continued)

##### 2.7 Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Statement of Comprehensive Income.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income.

##### 2.8 Stocks

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

##### 2.9 Work in progress

It is not possible for an accurate estimate of the valuation of work in progress to be determined at the Balance Sheet date and as such no work in progress is recognised at the year end. All associated contract costs are written off to the Statement of Comprehensive Income at the point that they are incurred.

##### 2.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

##### 2.11 Taxation

Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

##### 2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

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## ECI SOFTWARE SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2. Accounting policies (continued)

##### 2.13 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.14 Provision for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

##### 2.15 Foreign currency translation

###### Functional and presentation currency

The company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings..

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings. account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'Other operating income'.

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## ECI SOFTWARE SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2. Accounting policies (continued)

##### 2.16 Pensions

###### Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

##### 2.17 Prior year adjustment

A prior year adjustment has been recorded to increase amounts due to group undertakings to bring the liability in line with contracted amounts. The impact of this is a reduction in retained earnings brought forward as at 1 January 2017 of £174,215 with a corresponding liability recorded for the same amount. There was no impact on the previously reported loss for the year ended 31 December 2017.

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

Preparation of the financial statements requires management to make significant judgements and estimates which are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience. The items in the financial statements where these judgements and estimates have been made include the timing of the recognition of revenue, in particular in respect of maintenance revenue and the going concern basis adopted in the preparation of these financial statements.

##### Judgements in applying accounting policies:

- the directors must judge whether all of the conditions required for revenues to be recognised in the income statement of the financial year, have been met;

##### Sources of estimation uncertainty:

- depreciation and amortisation rates are based on estimates of the useful lives and residual values of the assets involved  
- trade debtors balances are only impaired when objective evidence of impairment is apparent  
- no amount is recognised for work in progress (principally unbilled developer time) as management do not believe that it is possible to generate a sufficiently reliable estimate of such work in progress.

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**ECI SOFTWARE SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**4. Turnover**

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Rendering of services	5,305,512	5,246,184
	<u>5,305,512</u>	<u>5,246,184</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	4,099,237	4,445,299
Rest of the world	1,206,275	800,885
	<u>5,305,512</u>	<u>5,246,184</u>

**5. Other operating income**

	2018 £	2017 £
Management charge receivable	<u>272,400</u>	<u>178,800</u>

**6. Operating loss**

The operating loss is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	184,507	199,205
Amortisation of intangible assets, including goodwill	708,749	787,612
Exchange differences	11,501	2,446
Other operating lease rentals	<u>92,954</u>	<u>89,912</u>

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**ECI SOFTWARE SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**7. Auditor's remuneration**

	<b>2018</b> £	<b>2017</b> £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u><b>36,500</b></u>	<u><b>32,100</b></u>
<b>Fees payable to the company's auditor and its associates in respect of:</b>		
Tax compliance services	<u><b>5,700</b></u>	<u><b>5,550</b></u>

**8. Employees**

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

	<b>2018</b> £	<b>2017</b> £
Wages and salaries	<b>3,192,534</b>	<b>2,833,285</b>
Social security costs	<b>336,397</b>	<b>292,711</b>
Cost of defined contribution scheme	<b>76,100</b>	<b>49,261</b>
	<u><b>3,605,031</b></u>	<u><b>3,175,257</b></u>

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

<b>2018</b> No.	<b>2017</b> No.
<u><b>83</b></u>	<u><b>83</b></u>

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ECI SOFTWARE SOLUTIONS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	213,632	386,271
Company contributions to defined contribution pension schemes	11,752	7,027
	<u>225,384</u>	<u>393,298</u>

During the year retirement benefits were accruing to 2 directors (2017 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £150,876 (2017 - £330,127).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,152 (2017 - £5,102).

10. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	<u>43,239</u>	<u>89,514</u>

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**ECI SOFTWARE SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**11. Taxation**

	2018 £	2017 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	-	(232)
	-	(232)
<b>Total current tax</b>	-	(232)
<b>Deferred tax</b>		
<b>Total deferred tax</b>	-	-
<b>Taxation on profit/(loss) on ordinary activities</b>	-	(232)

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	(1,317,663)	(970,154)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(252,179)	(186,721)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	28,793	146
Capital allowances for year in excess of depreciation	41,560	40,174
Adjustment to losses	279	223
Adjust closing deferred tax to average rate of 19.25%	47,010	31,340
Adjust opening deferred tax to average rate of 19.25%	(27,900)	(14,424)
Deferred tax not recognised	162,437	129,030
<b>Total tax charge for the year</b>	-	(232)

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**ECI SOFTWARE SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**11. Taxation (continued)**

**Factors that may affect future tax charges**

The company has approximately £2,355k (2017: £1,386k) of trading losses available to relieve against future profits.

**12. Intangible assets**

	Developed technology & customer relationships £	Computer software £	Goodwill £	Total £
<b>Cost</b>				
At 1 January 2018	3,251,658	153,898	5,575,861	8,981,417
Additions	-	16,121	-	16,121
At 31 December 2018	3,251,658	170,019	5,575,861	8,997,538
<b>Amortisation</b>				
At 1 January 2018	2,952,748	132,915	3,791,709	6,877,372
Charge for the year	258,579	15,274	506,896	780,749
At 31 December 2018	3,211,327	148,189	4,298,605	7,658,121
<b>Net book value</b>				
At 31 December 2018	40,331	21,830	1,277,256	1,339,417
At 31 December 2017	298,910	20,983	1,784,152	2,104,045



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**ECI SOFTWARE SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**13. Tangible fixed assets**

	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2018	265,350	868,831	1,134,181
Additions	93,723	200,657	294,380
At 31 December 2018	<u>359,073</u>	<u>1,069,488</u>	<u>1,428,561</u>
<b>Depreciation</b>			
At 1 January 2018	159,556	719,110	878,666
Charge for the year on owned assets	30,001	154,506	184,507
At 31 December 2018	<u>189,557</u>	<u>873,616</u>	<u>1,063,173</u>
<b>Net book value</b>			
At 31 December 2018	<u>169,516</u>	<u>195,872</u>	<u>365,388</u>
At 31 December 2017	<u>105,794</u>	<u>149,721</u>	<u>255,515</u>

**14. Stocks**

	2018 £	2017 £
Finished goods and goods for resale	<u>5,452</u>	<u>5,516</u>

**ECI SOFTWARE SOLUTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**15. Debtors**

	2018 £	2017 £
Trade debtors	842,162	933,036
Amounts owed by group undertakings	125,389	56,836
Other debtors	3,251	2,522
Prepayments and accrued income	79,634	70,597
Tax recoverable	-	232
	<u>1,050,436</u>	<u>1,063,223</u>

An impairment loss of £34,195 (2017: £15,614) was recognised against trade debtors.

Amounts owed by group undertakings represents interest-free trading balances which are repayable on demand. All amounts are deemed fully recoverable.

**16. Cash and cash equivalents**

	2018 £	2017 £
Cash at bank and in hand	<u>287,887</u>	<u>216,326</u>

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

	2018 £	2017 (as restated) £
Trade creditors	154,135	216,244
Amounts owed to group undertakings	2,055,681	1,389,647
Other taxation and social security	372,244	274,901
Other creditors	6,102	7,109
Accruals and deferred income	917,041	886,089
	<u>3,505,203</u>	<u>2,773,990</u>

Included within amounts owed to group undertakings is £312,710 (2017 - £753,242 as restated) in the form a loan provided from the parent company which is repayable at 31 December 2018. Interest is charged at 8%. All other amounts included within amounts owed to group undertakings are interest-free trading balances that are repayable on demand.

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## ECI SOFTWARE SOLUTIONS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 18. Reserves

##### Share premium account

Share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

##### Other reserves

Other reserves represent capital contributions from the ultimate parent undertaking.

##### Profit & loss account

The Profit and loss account includes all current and prior period retained profits and losses. A prior year adjustment has been processed and is fully explained in note 2.17.

#### 19. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
352 (2017 - 352) Ordinary shares shares of £1.00 each	<b>352</b>	<b>352</b>

Called-up share capital represents the nominal value of shares that have been issued.

#### 20. Commitments under operating leases

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	<b>95,874</b>	68,273
Later than 1 year and not later than 5 years	<b>197,484</b>	109,474
	<b>293,358</b>	177,747

#### 21. Related party transactions

As a 100% owned subsidiary of ECI Acquisition Holdings Inc, a company incorporated in the USA, the company is exempt from the requirements of FRS 102, section 33, to disclose transactions with other wholly owned members of the group headed by ECI Acquisitions Holdings Inc.

No compensation was paid to key management personnel other than directors.

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**ECI SOFTWARE SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**22. 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 2018 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 Apax Partners, a company incorporated in the USA, by virtue of their shareholding in ECI Acquisition Holdings, Inc.