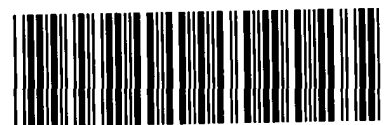

ECI SOFTWARE SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

WEDNESDAY



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COMPANIES HOUSE

ECI SOFTWARE SOLUTIONS LIMITED

COMPANY INFORMATION

Directors

Mr N Gradwell
Mr G P Kushner
Mr D Jones

Secretary

Mr D Jones

Company registration number

04162072

Registered office

Newland House
Weaver Road
Lincoln
England
LN6 3QN

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
80 Regent Road
Leicester
LE1 7NH

Bankers

JP Morgan Chase
1 Chaseside
Bournemouth
BH7 7DA

ECI SOFTWARE SOLUTIONS LIMITED

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ECI SOFTWARE SOLUTIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017 these KPIs were as follows:

- Turnover of £5.2m (2016: £5.9m)
- Gross margin of 93% (2016: 94%)
- Overhead costs of £6.0m (2016: £5.6m)

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.

ECI SOFTWARE SOLUTIONS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 14 November 2018 and signed on its behalf.



Mr D Jones
Director

ECI SOFTWARE SOLUTIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Results and dividends

The loss for the year, after taxation, amounted to £969,922 (2016: loss £142,394)

The directors do not propose to pay any dividends (2016: £Nil).

Directors

The directors who served during the year were:

Mr N Gradwell
Mr G P Kushner
Mr 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 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 and 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 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 may differ from legislation in other jurisdictions.

ECI SOFTWARE SOLUTIONS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves 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 14 November 2018 and signed on its behalf.



Mr D Jones
Director



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

Opinion

We have audited the financial statements of ECI Software Solutions Limited for the year ended 31 December 2017, which comprise the Statement of Income and Retained Earnings, the Balance sheet and the related notes, 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 2017 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 Auditors' 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 United Kingdom, 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.

Who we are reporting to

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.



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

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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Strategic 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.

Opinion 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.



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

Matter on which we are required to report by 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.

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.

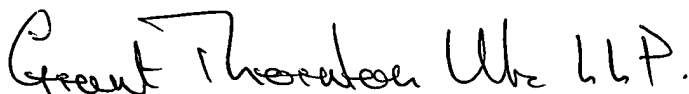


**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ECI SOFTWARE SOLUTIONS LIMITED
(CONTINUED)**

Auditors' 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. The description forms part of our Auditor's report.



Christopher Frostwick (Senior Statutory Auditor)

for and on behalf of Grant Thornton UK LLP
Senior Statutory Auditor
Leicester

14 November 2018

ECI SOFTWARE SOLUTIONS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2017**

| | Note | 2017 £ | 2016 £ |
|---|------|------------------|------------------|
| Turnover | 3 | 5,246,184 | 5,881,287 |
| Cost of sales | | (354,713) | (374,727) |
| Gross profit | | 4,891,471 | 5,506,560 |
| Administration Expenses | | (5,953,228) | (5,613,183) |
| Other operating income | 4 | 178,800 | 104,400 |
| Operating loss | 5 | (882,957) | (2,223) |
| Interest receivable and similar income | | 2,317 | 1,259 |
| Interest payable and expenses | 9 | (89,514) | (141,198) |
| Loss before tax | | (970,154) | (142,162) |
| Tax on loss | 10 | 232 | (232) |
| Loss after tax | | (969,922) | (142,394) |
| Retained earnings at the beginning of the year | | 457,278 | 599,672 |
| Loss for the year | | (969,922) | (142,394) |
| Retained earnings at the end of the year | | (512,644) | 457,278 |

The only movement in reserves was the loss for the year and therefore a separate Statement of Changes in Equity has not been presented.

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 2017

| | Note | 2017 £ | 2016 £ |
|---|-------------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 11 | 2,104,045 | 2,875,775 |
| Tangible assets | 12 | 255,515 | 414,997 |
| | | <u>2,359,560</u> | <u>3,290,772</u> |
| Current assets | | | |
| Stocks | 13 | 5,516 | 5,658 |
| Debtors: amounts falling due within one year | 14 | 1,063,223 | 1,388,016 |
| Cash at bank and in hand | 15 | 216,326 | 621,093 |
| | | <u>1,285,065</u> | <u>2,014,767</u> |
| Creditors: amounts falling due within one year | 16 | (2,599,775) | (1,830,835) |
| Net current (liabilities)/assets | | <u>(1,314,710)</u> | <u>183,932</u> |
| Total assets less current liabilities | | <u>1,044,850</u> | <u>3,474,704</u> |
| Creditors: amounts falling due after more than one year | 17 | - | (1,459,932) |
| Net assets | | <u><u>1,044,850</u></u> | <u><u>2,014,772</u></u> |
| Capital and reserves | | | |
| 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 | (512,644) | 457,278 |
| | | <u><u>1,044,850</u></u> | <u><u>2,014,772</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 November 2018.



Mr D Jones
Director

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

ECI SOFTWARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 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 2).

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The 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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of ECI Acquisition Holdings, Inc as at 31 December 2017 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.

1.3 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 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.

ECI SOFTWARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

1.4 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 and service contracts are recognised over the period to which they relate from the date at which the software has been accepted by the ultimate end user.

ECI SOFTWARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

1.5 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:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.
- The ability to use the software or to sell it.
- How the software will generate probably future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

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.

1.6 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% |
| Office equipment | - 15% to 33% |
| Computer equipment | - 25% to 33% |

ECI SOFTWARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

1.7 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 Income and Retained Earnings.

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 Income and Retained Earnings.

1.8 Stocks

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

1.9 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 Income and Retained Earnings at the point that they are incurred.

1.10 Debtors

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

1.11 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:

1.12 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

ECI SOFTWARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

1.13 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans from group undertakings.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.14 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.

1.15 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 Income and Retained Earnings 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.

ECI SOFTWARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

1.16 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 Income and Retained Earnings within 'Other operating income'.

1.17 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 Income and Retained Earnings 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.

ECI SOFTWARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. 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 managements 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.

3. Turnover

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

| | 2017 £ | 2016 £ |
|-----------------------|------------------|------------------|
| Sale of goods | - | 50,149 |
| Rendering of services | 5,246,184 | 5,831,138 |
| | <u>5,246,184</u> | <u>5,881,287</u> |

Analysis of turnover by country of destination:

| | 2017 £ | 2016 £ |
|-------------------|------------------|------------------|
| United Kingdom | 4,445,299 | 5,354,104 |
| Rest of the world | 800,885 | 527,183 |
| | <u>5,246,184</u> | <u>5,881,287</u> |

4. Other operating income

| | 2017 £ | 2016 £ |
|------------------------------|----------------|----------------|
| Management charge receivable | <u>178,800</u> | <u>104,400</u> |

ECI SOFTWARE SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. Operating loss

The operating loss is stated after charging:

| | 2017 £ | 2016 £ |
|---|------------------|------------------|
| Depreciation of tangible fixed assets | 199,205 | 216,071 |
| Amortisation of intangible assets, including goodwill | 787,612 | 792,799 |
| Exchange differences | 2,446 | (9,010) |
| Other operating lease rentals | 89,912 | 89,818 |
| Defined contribution pension cost | 49,261 | 43,041 |
| | <u>1,088,436</u> | <u>1,142,729</u> |

6. Auditor's remuneration

| | 2017 £ | 2016 £ |
|---|--------------|--------------|
| Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements | 32,100 | 31,200 |
| Fees payable to the company's auditor and its associates in respect of: | | |
| Tax compliance services | 5,550 | 5,400 |
| | <u>5,550</u> | <u>5,400</u> |

ECI SOFTWARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

7. Employees

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

| | 2017 £ | 2016 £ |
|-------------------------------------|------------------|------------------|
| Wages and salaries | 2,833,285 | 2,735,000 |
| Social security costs | 292,711 | 278,054 |
| Cost of defined contribution scheme | 49,261 | 43,041 |
| | <u>3,175,257</u> | <u>3,056,095</u> |

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

| | 2017 No. | 2016 No. |
|--|-------------|-------------|
| | <u>83</u> | <u>84</u> |

8. Directors' remuneration

| | 2017 £ | 2016 £ |
|---|----------------|----------------|
| Directors' emoluments | 386,271 | 230,899 |
| Company contributions to defined contribution pension schemes | 7,027 | 5,597 |
| | <u>393,298</u> | <u>236,496</u> |

During the year retirement benefits were accruing to 2 directors (2016: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £330,127 (2016: £178,061).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5,102 (2016: £4,097).

9. Interest payable and similar charges

| | 2017 £ | 2016 £ |
|--|---------------|----------------|
| Interest payable to group undertakings | <u>89,514</u> | <u>141,198</u> |

ECI SOFTWARE SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Taxation

| | 2017 £ | 2016 £ |
|---|-----------|-----------|
| Current tax on profits for the year | - | 232 |
| Adjustments in respect of previous periods | (232) | - |
| Deferred tax | | |
| Total deferred tax | - | - |
| Taxation on (loss)/profit on ordinary activities | (232) | 232 |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016: *lower than*) the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

| | 2017 £ | 2016 £ |
|---|-----------|-----------|
| Loss on ordinary activities before tax | (970,154) | (142,162) |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%) | (186,721) | (26,683) |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 146 | 154 |
| Capital allowances for year in excess of depreciation | 40,174 | 41,747 |
| Adjustment to losses | 223 | (1,750) |
| Adjust closing deferred tax to average rate of 19.25% | 31,340 | 19,382 |
| Adjust opening deferred tax to average rate of 19.25% | (14,424) | (14,245) |
| Deferred tax not recognised | 129,030 | (18,373) |
| Total tax charge for the year | (232) | 232 |

Factors that may affect future tax charges

The company has approximately £1,386K (2016: £756k) of trading losses available to relieve against future profits.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Intangible assets

| | Developed technology & customer relationships £ | Computer software £ | Goodwill £ | Total £ |
|-----------------------|---|---------------------------|------------------|------------------|
| Cost | | | | |
| At 1 January 2017 | 3,251,658 | 138,016 | 5,575,861 | 8,965,535 |
| Additions | - | 15,882 | - | 15,882 |
| At 31 December 2017 | <u>3,251,658</u> | <u>153,898</u> | <u>5,575,861</u> | <u>8,981,417</u> |
| Amortisation | | | | |
| At 1 January 2017 | 2,680,644 | 124,303 | 3,284,813 | 6,089,760 |
| Charge for the year | 272,104 | 8,612 | 506,896 | 787,612 |
| At 31 December 2017 | <u>2,952,748</u> | <u>132,915</u> | <u>3,791,709</u> | <u>6,877,372</u> |
| Net book value | | | | |
| At 31 December 2017 | <u>298,910</u> | <u>20,983</u> | <u>1,784,152</u> | <u>2,104,045</u> |
| At 31 December 2016 | <u>571,014</u> | <u>13,713</u> | <u>2,291,048</u> | <u>2,875,775</u> |

ECI SOFTWARE SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Tangible fixed assets

| | Fixtures & fittings £ | Office equipment £ | Computer equipment £ | Total £ |
|--------------------------|-----------------------------|--------------------------|----------------------------|------------------|
| Cost or valuation | | | | |
| At 1 January 2017 | 248,967 | 11,481 | 840,814 | 1,101,262 |
| Additions | 12,011 | - | 28,017 | 40,028 |
| Disposals | (7,109) | - | - | (7,109) |
| Asset transfer | 11,481 | (11,481) | - | - |
| At 31 December 2017 | <u>265,350</u> | <u>-</u> | <u>868,831</u> | <u>1,134,181</u> |
| Depreciation | | | | |
| At 1 January 2017 | 128,564 | 11,481 | 546,220 | 686,265 |
| Charge for the year | 26,315 | - | 172,890 | 199,205 |
| Disposals | (6,804) | - | - | (6,804) |
| Asset transfer | 11,481 | (11,481) | - | - |
| At 31 December 2017 | <u>159,556</u> | <u>-</u> | <u>719,110</u> | <u>878,666</u> |
| Net book value | | | | |
| At 31 December 2017 | <u>105,794</u> | <u>-</u> | <u>149,721</u> | <u>255,515</u> |
| At 31 December 2016 | <u>120,403</u> | <u>-</u> | <u>294,594</u> | <u>414,997</u> |

13. Stocks

| | 2017 £ | 2016 £ |
|-------------------------------------|--------------|--------------|
| Finished goods and goods for resale | <u>5,516</u> | <u>5,658</u> |

ECI SOFTWARE SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

14. Debtors

| | 2017 | 2016 |
|------------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Trade debtors | 933,036 | 1,058,317 |
| Amounts owed by group undertakings | 66,836 | 229,598 |
| Other debtors | 2,522 | 9,074 |
| Prepayments and accrued income | 70,597 | 91,027 |
| Tax recoverable | 232 | - |
| | <u>1,063,223</u> | <u>1,388,016</u> |

An impairment loss of £15,614 (2016: £109,396) was recognised against trade debtors.

15. Cash and cash equivalents

| | 2017 | 2016 |
|--------------------------|-----------------------|-----------------------|
| | £ | £ |
| Cash at bank and in hand | <u>216,326</u> | <u>621,093</u> |

16. Creditors: Amounts falling due within one year

| | 2017 | 2016 |
|------------------------------------|-------------------------|-------------------------|
| | £ | £ |
| Trade creditors | 216,244 | 82,801 |
| Amounts owed to group undertakings | 1,215,432 | 617,754 |
| Corporation tax | - | 232 |
| Other taxation and social security | 274,901 | 284,783 |
| Other creditors | 7,109 | - |
| Accruals and deferred income | 886,089 | 845,265 |
| | <u>2,599,775</u> | <u>1,830,835</u> |

ECI SOFTWARE SOLUTIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

| | 2017 £ | 2016 £ |
|------------------------------------|-------------------|-------------------|
| Amounts owed to group undertakings | - | 1,459,932 |
| | <u> </u> | <u> </u> |

Secured loans

Amounts owed to group undertakings comprise loan notes that 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.

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.

19. Share capital

| | 2017 £ | 2016 £ |
|---|-------------------|-------------------|
| Allotted, called up and fully paid | | |
| 352 Ordinary shares shares of £1 each | 352 | 352 |
| | <u> </u> | <u> </u> |

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

ECI SOFTWARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

20. Commitments under operating leases

At 31 December 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2017 £ | 2016 £ |
|--|----------------|----------------|
| Not later than 1 year | 68,273 | 92,880 |
| Later than 1 year and not later than 5 years | 109,474 | 177,365 |
| | <u>177,747</u> | <u>270,245</u> |

21. Transactions with related parties

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 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 (see note 8).

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 2017 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, For 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.