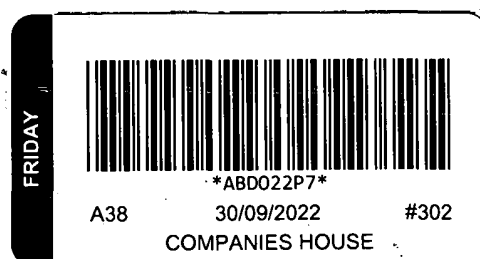


Registered number: 04162072

**ECI SOFTWARE SOLUTIONS LIMITED**

**STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**



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**ECI SOFTWARE SOLUTIONS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	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 & Statutory Auditor Regent House 80 Regent Road Leicester LE1 7NH

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**ECI SOFTWARE SOLUTIONS LIMITED**

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## ECI SOFTWARE SOLUTIONS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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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 provides industry-specific business management software and services, offering cloud-based and on-premise technologies. The company primarily serves small to medium sized businesses in the manufacturing, distribution, field service, and Lumber Mill & Hard Lines industries. Economic challenges remain which are industry specific. The directors are pleased with the financial result and the growth into new verticals as we continue to expand our product and service offerings.

#### 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 product development along with introductions to new products and ancillary services to compliment the main ERP.
- Consolidation in the costumer base remains a risk in but not in all industries.
- Customer diversification in order to react to the change in demand resulting in development of ancillary products and services to support these requirements.

#### Financial key performance indicators

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

In 2021 these KPI's were as follows:

- Turnover of £6.3m (2020: £6.4m)
- Gross margin of 94% (2020: 94%)
- Overhead costs of £5.6m (2020: £5.4m)

#### 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 expose 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 2021**

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**Future developments**

The company continues to invest in its customer service strategy for each of the verticals it operates in. Product development is ongoing in each vertical to serve our customer base in their growing requirements for competitive advantage. Particular focus on our cloud-based offerings allowed our customer base to work seamlessly from both the office and at home as we all had to navigate government guidelines. New products and services have been introduced throughout 2021 as we continue to build on our product and service portfolio, within, and outside of the UK. The focus however was on stability and ensuring our customers had access to our software from both the office and at home.

This report was approved by the board on 28/9/2022 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 2021

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The directors present their report and the financial statements for the year ended 31 December 2021.

#### Results and dividends

The profit for the year, after taxation, amounted to £92,824 (2020 - £809,494).

The directors do not propose to pay any dividends (2020: £Nil).

#### Directors

The directors who served during the year were:

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 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;
- 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.

#### Qualifying third party indemnity provisions

The Company maintains liability insurance for directors and officers as permitted by section 234 of the Companies Act 2006.

#### Post balance sheet events

There have been no significant events affecting the company since the year end.

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**ECI SOFTWARE SOLUTIONS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**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 28/9/2022 and signed on its behalf.



**D Jones**  
Director



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## 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 2021, 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 2021 and of its profit 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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.





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

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Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual 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.



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

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**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.

**Responsibilities of directors for the financial statements**

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, 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.



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

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**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting frameworks (UK-adopted international accounting standards and Companies Act 2006) and the relevant tax compliance regulations in the jurisdictions in which the company operates;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- In addition, we concluded that there are certain significant laws and regulations that may have an effect in the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental and bribery and corruption practices;
- We enquired of management and those charged with governance, concerning the company's policies and procedures relating to:
  - o the identification, evaluation and compliance with laws and regulations; and
  - o the detection and response to the risks of fraud;
  - o the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. We corroborated the results of our enquiries to relevant supporting documentation.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
  - o evaluation of the programmes and controls established to address the risks related to irregularities and fraud;
  - o testing manual journal entries, in particular journal entries relating to management estimates and estimates and entries determined to be large or relating to unusual transactions;
  - o identifying and testing related party transactions.



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

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- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - o understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - o knowledge of the industry in which the client operates;
  - o understanding of the legal and regulatory requirements specific to the company including:
    - the provisions of the applicable legislation;
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of :
  - o the company's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
  - o the applicable statutory provisions;
  - o the company's control environment including the policies and procedures implemented to comply with the requirements of its regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the company's compliance with regulatory requirements.

**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.

*Grant Thornton UK LLP*

Christopher Frostwick MA ACA  
Senior statutory auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leicester  
Date: 28/9/2022

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**ECI SOFTWARE SOLUTIONS LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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	Note	2021 £	2020 £
Turnover	4	6,376,653	6,394,157
Cost of sales		(364,080)	(374,724)
<b>Gross profit</b>		<b>6,012,573</b>	<b>6,019,433</b>
Administrative expenses		(5,676,269)	(5,413,112)
Exceptional administrative expenses	14	(392,305)	-
Other operating income	5	150,000	215,526
Fair value movements		159,500	-
<b>Operating profit</b>	6	<b>253,499</b>	<b>821,847</b>
Income from fixed assets investments	10	234,094	-
Amounts written off investments		(393,594)	-
Interest receivable and similar income	11	-	1,510
Interest payable and expenses	12	(1,175)	(13,863)
<b>Profit before tax</b>		<b>92,824</b>	<b>809,494</b>
<b>Profit for the financial year</b>		<b>92,824</b>	<b>809,494</b>
<b>Total comprehensive income for the year</b>		<b>92,824</b>	<b>809,494</b>

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of comprehensive income.

The notes on pages 13 to 31 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	15	13,601,387	878,141
Tangible assets	16	161,342	201,669
		<u>13,762,729</u>	<u>1,079,810</u>
<b>Current assets</b>			
Stocks	17	6,329	6,333
Debtors: amounts falling due within one year	18	1,706,554	1,630,621
Cash at bank and in hand	19	1,009,144	403,584
		<u>2,722,027</u>	<u>2,040,538</u>
Creditors: amounts falling due within one year	20	(1,783,900)	(2,219,397)
<b>Net current assets/(liabilities)</b>		<u>938,127</u>	<u>(178,859)</u>
<b>Total assets less current liabilities</b>		<u>14,700,856</u>	<u>900,951</u>
Creditors: amounts falling due after more than one year	21	(8,500,000)	-
<b>Net assets</b>		<u><u>6,200,856</u></u>	<u><u>900,951</u></u>
<b>Capital and reserves</b>			
Called up share capital	23	352	352
Share premium account	22	236,264	236,264
Other reserves	22	6,527,959	1,320,878
Profit and loss account	22	(563,719)	(656,543)
		<u><u>6,200,856</u></u>	<u><u>900,951</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
28/9/2022



**D Jones**  
Director

The notes on pages 13 to 31 form part of these financial statements.

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**ECI SOFTWARE SOLUTIONS LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	352	236,264	1,320,878	(656,543)	900,951
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	92,824	92,824
<b>Total comprehensive income for the year</b>	-	-	-	92,824	92,824
Additional investment by parent	-	-	5,207,081	-	5,207,081
<b>At 31 December 2021</b>	<b>352</b>	<b>236,264</b>	<b>6,527,959</b>	<b>(563,719)</b>	<b>6,200,856</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	352	236,264	1,320,878	(1,466,037)	91,457
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	809,494	809,494
<b>Total comprehensive income for the year</b>	-	-	-	809,494	809,494
<b>At 31 December 2020</b>	<b>352</b>	<b>236,264</b>	<b>1,320,878</b>	<b>(656,543)</b>	<b>900,951</b>

The notes on pages 13 to 31 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 2021**

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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 unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK 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).

Royalties payable to the ultimate parent company are treated as an expense in line with group accounting policies.

**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 the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- 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 11.42, 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) and 12.29A;
- 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 2021 and these financial statements may be obtained from 4400 Alliance Gateway Freeway, Suite 154, Fort Worth, TX, 76177.

**2.3 Going concern**

The company is to some degree reliant on the continued provision of loan funding from its US parent company. In making its going concern assessment, UK management acknowledges that the ability of the wider ECI group globally to continue as a going concern (and therefore maintain lending to the UK companies) is dependent on the generation of enough profits and positive cash flows, the continued support of shareholders and group lenders, and the raising of additional capital as and when required in the future.

These items considered, management and the directors believe that the wider ECI group globally, and the UK companies, will be able to continue as a going concern and, accordingly, the financial statements have been prepared on a going concern basis.



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**ECI SOFTWARE SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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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 follows:

Cloud/Hosted subscription revenue is billed monthly and deferred until Go Live occurs, at which point revenue is recognised equally over the contract term which may involve a catch-up in line with the performance obligations.

Software licenses and hardware are recognised in full once the license key/Hardware has been installed or delivered to end user.

On-Premise and Perpetual subscription revenue is split between license and maintenance revenue based on Standalone Selling Price (SSP). As such, license revenue is recognised upon contract inception and maintenance revenue recognised rateably over the contract term.

In determining revenue the directors undertake an assessment of the standalone selling price for the different contract elements and recognise revenue accordingly.

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**ECI SOFTWARE SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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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.

The estimated useful lives range as follows:

Developed technology and customer relations	-	6 years and 11 years respectively
Goodwill	-	10-11 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%

**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.

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**ECI SOFTWARE SOLUTIONS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**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 Operating leases: the company as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.11 Debtors**

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

**2.12 Taxation**

Tax is recognised in the Statement of comprehensive income 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:

**2.13 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.

**2.14 Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)****2.14 Financial instruments (continued)**

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 debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 comprehensive income.

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. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**2.15 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.16 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.

**2.17 Government grants**

Grants relate to furlough income, which are accounted for under the accruals model and are recognised as other operating income in the same period as the related expenditure.

**2.18 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 comprehensive income.

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

**2.19 Finance costs**

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.20 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.

**2.21 Interest income**

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

**2.22 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

**2.23 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**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 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
- evaluation of stand-alone selling price for revenue recognition on bundled contracts
- 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
- going concern basis of preparation of the financial statements following the effects of macro-economic uncertainties such as COVID-19 and Brexit.
- consideration of any requirement for impairment of intangible assets

**4. Turnover**

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

	2021 £	2020 £
Rendering of services	<u>6,376,653</u>	<u>6,394,157</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	4,483,021	5,059,138
Rest of the world	1,893,632	1,335,019
	<u>6,376,653</u>	<u>6,394,157</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
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**5. Other operating income**

	2021 £	2020 £
Management charge receivable	150,000	168,000
Furlough income	-	47,526
	<u>150,000</u>	<u>215,526</u>

**6. Operating profit**

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	100,571	137,917
Amortisation of intangible assets, including goodwill	217,539	227,316
Exchange differences	(18,242)	3,919
Other operating lease rentals	40,375	51,574
	<u>40,375</u>	<u>51,574</u>

**7. Auditor's remuneration**

	2021 £	2020 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	34,750	34,900
	<u>34,750</u>	<u>34,900</u>

**Fees payable to the company's auditor and its associates in respect of:**

Accounting services	1,650	1,600
Taxation compliance services	4,425	6,025
	<u>4,425</u>	<u>6,025</u>



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**NOTES TO THE FINANCIAL STATEMENTS  
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**8. Employees**

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

	2021 £	2020 £
Wages and salaries	2,643,970	2,565,660
Social security costs	283,396	268,351
Cost of defined contribution scheme	63,622	67,933
	<u>2,990,988</u>	<u>2,901,944</u>

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

	2021 No.	2020 No.
	<u>68</u>	<u>69</u>

**9. Directors' remuneration**

	2021 £	2020 £
Directors' emoluments	87,879	67,114
Company contributions to defined contribution pension schemes	2,454	1,931
	<u>90,333</u>	<u>69,045</u>

**10. Income from investments**

	2021 £	2020 £
Dividends received from unlisted investments	(234,094)	-
	<u>(234,094)</u>	<u>-</u>

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**11. Interest receivable**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Other interest receivable	-	1,510
	<u>          </u>	<u>          </u>

**12. Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Interest payable to group undertakings	1,175	13,863
	<u>          </u>	<u>          </u>

**13. Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Total current tax</b>	<u>          </u>	<u>          </u>
	-	-
<b>Deferred tax</b>	<u>          </u>	<u>          </u>
	-	-
<b>Total deferred tax</b>	<u>          </u>	<u>          </u>
	-	-
<b>Taxation on profit on ordinary activities</b>	<u>          </u>	<u>          </u>
	-	-

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**13. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020 - *lower than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>92,824</u>	<u>809,494</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	17,637	153,804
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	28,620	15,236
Capital allowances for year in excess of depreciation	41,418	44,011
Adjustment losses	57	20
Remeasurement of deferred tax for changes in tax rates	(44,054)	(34,451)
Deferred tax not recognised	51,538	(175,815)
Income not taxable for tax purposes	-	(2,805)
Other tax adjustments, reliefs and transfers	(94,972)	-
Amounts relating to other comprehensive income	(244)	-
<b>Total tax charge for the year</b>	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

The company has approximately £713,694 (2020: £559k) of trading losses available to relieve against future profits.

**14. Exceptional items**

	2021 £	2020 £
Inter company loan account written off	392,305	-
	<u>392,305</u>	<u>-</u>

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FOR THE YEAR ENDED 31 DECEMBER 2021**


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**15. Intangible assets**

	Development technology & customer relationships £	Computer software £	Goodwill £	Total £
<b>Cost</b>				
At 1 January 2021	3,293,436	16,121	5,575,861	8,885,418
On acquisition	280,000	5,000	12,753,706	13,038,706
At 31 December 2021	<u>3,573,436</u>	<u>21,121</u>	<u>18,329,567</u>	<u>21,924,124</u>
<b>Amortisation</b>				
At 1 January 2021	3,250,669	15,673	4,740,935	8,007,277
Charge for the year on owned assets	8,357	448	208,734	217,539
On acquisition	93,333	4,588	-	97,921
At 31 December 2021	<u>3,352,359</u>	<u>20,709</u>	<u>4,949,669</u>	<u>8,322,737</u>
<b>Net book value</b>				
At 31 December 2021	<u>221,077</u>	<u>412</u>	<u>13,379,898</u>	<u>13,601,387</u>
At 31 December 2020	<u>42,767</u>	<u>448</u>	<u>834,926</u>	<u>878,141</u>

Additions to goodwill arose in respect of the acquisition of Merchant Systems Group Limited (See note 23).

Amortisation on intangible assets is charged to admin expenses.

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**16. Tangible fixed assets**

	<b>Fixtures &amp; fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 1 January 2021	310,545	852,729	1,163,274
Additions	21,471	32,776	54,247
On acquisition	-	8,346	8,346
At 31 December 2021	<u>332,016</u>	<u>893,851</u>	<u>1,225,867</u>
<b>Depreciation</b>			
At 1 January 2021	157,879	803,726	961,605
Charge for the year on owned assets	52,342	48,229	100,571
On acquisition	-	2,349	2,349
At 31 December 2021	<u>210,221</u>	<u>854,304</u>	<u>1,064,525</u>
<b>Net book value</b>			
At 31 December 2021	<u>121,795</u>	<u>39,547</u>	<u>161,342</u>
At 31 December 2020	<u>152,666</u>	<u>49,003</u>	<u>201,669</u>

**17. Stocks**

	<b>2021 £</b>	<b>2020 £</b>
Finished goods and goods for resale	<u>6,329</u>	<u>6,333</u>

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**18. Debtors**

	2021 £	2020 £
Trade debtors	458,601	428,551
Amounts owed by group undertakings	624,304	700,184
Other debtors	209,169	122,423
Prepayments and accrued income	414,480	379,463
	<u>1,706,554</u>	<u>1,630,621</u>

An impairment loss of £28,774 (2020: £34,810) 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.

**19. Cash and cash equivalents**

	2021 £	2020 £
Cash at bank and in hand	<u>1,009,144</u>	<u>403,584</u>

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

	2021 £	2020 £
Trade creditors	160,128	79,320
Amounts owed to group undertakings	614,174	1,376,125
Other taxation and social security	255,281	238,336
Other creditors	369	124
Accruals and deferred income	753,948	525,492
	<u>1,783,900</u>	<u>2,219,397</u>

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

	2021 £	2020 £
Other creditors	8,500,000	-
	<u>8,500,000</u>	<u>-</u>

Other creditors comprise £8,000,000 in respect of a contingent earnout payment and £500,000 deferred consideration, both in respect of the acquisition of Merchant Systems Group Limited (see Note 24).

**22. 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.

**23. Share capital**

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
352 (2020 - 352) Ordinary shares of £1.00 each	<u>352</u>	<u>352</u>

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

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**24. Business combinations**

On 7 October 2021 the company purchased the share capital of Merchant Systems Group Limited for total consideration of £13,000,000 (including £8,000,000 contingent earnout provision, £500,000 deferred plus adjustments for cash at acquisition and working capital adjustments).

On 31 December 2021 Merchant Systems Limited ceased trading and its total net assets were 'hived' up into the company.

The cost of investment has been reclassified to goodwill accordingly.

**Acquisition of Merchant Systems Group Limited****Recognised amounts of identifiable assets acquired and liabilities assumed**

	Book value £	Fair value adjustments £	Fair value £
<b>Fixed Assets</b>			
Tangible	5,996	-	5,996
Intangible	187,078	-	187,078
	<u>193,074</u>	<u>-</u>	<u>193,074</u>
<b>Current Assets</b>			
Debtors	62,754	-	62,754
Cash at bank and in hand	187,217	-	187,217
	<u>443,045</u>	<u>-</u>	<u>443,045</u>
<b>Total Assets</b>			
<b>Creditors</b>			
Due within one year	(49,452)	(159,500)	(208,952)
	<u>393,593</u>	<u>(159,500)</u>	<u>234,093</u>
<b>Total identifiable net assets</b>			
Goodwill			12,753,707
<b>Total purchase consideration</b>			<u>12,987,800</u>
<b>Consideration</b>			
			£
Cash			4,487,800
Deferred consideration			500,000
Contingent earnout consideration			8,000,000
<b>Total purchase consideration</b>			<u>12,987,800</u>



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**24. Business combinations (continued)**

**Cash outflow on acquisition**

	£
Purchase consideration settled in cash, as above	4,487,800
	<u>4,487,800</u>
Less: Cash and cash equivalents acquired	(187,217)
<b>Net cash outflow on acquisition</b>	<u><u>4,300,583</u></u>

**25. Pension commitments**

The Company operates a defined contribution pensions scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable to the fund and amounted to £63,622 (2020 - £67,933). Contributions totalling £18,930 (2020 - £17,338) were payable to the fund at the balance sheet date and are included in creditors.

**26. Commitments under operating leases**

At 31 December 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	40,375	40,375
Later than 1 year and not later than 5 years	40,375	80,750
	<u>80,750</u>	<u>121,125</u>

**27. 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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**28. 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 2021 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 Leonard Green and Partners, a company incorporated in the USA, by virtue of their shareholding in ECI Acquisition Holdings, Inc.