

CAUSEWAY TECHNOLOGIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



CAUSEWAY TECHNOLOGIES LIMITED

COMPANY INFORMATION

Directors	P J Brown P D Nagle M Howell
Company secretary	D H Evans
Registered number	03921897
Registered office	Comino House, Furlong Road, Bourne End Buckinghamshire SL8 5AQ
Independent auditor	Grant Thornton UK LLP Statutory Auditor & Chartered Accountants 3140 Rowan Place John Smith Drive OXFORD OX4 2WB
Bankers	Barclays Bank Plc BIRMINGHAM B3 2BH

CAUSEWAY TECHNOLOGIES LIMITED

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CAUSEWAY TECHNOLOGIES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Principal activities

During the year under review the company continued to consolidate its position as a leading provider of software for the Built Environment, serving 2,042 customers in 38 countries.

Business review and future developments

Financial Review

Causeway is in the second year of the transformation from a traditional software initial licence fee and maintenance revenue model to Annual Recurring Revenue ("ARR") subscriptions. The normal minimum term for customer subscription contracts are 5-years and Causeway considers the growth in the lifetime value of these contracts ("LCV") as key performance indicator; LCV equates to the annual value multiplied by the term of the contract.

The total LCV of all contracts was £29.9m at 31st December 2015 and had grown to £46.5m by 31st December 2016 and to £66m by 31st December 2017, representing a 120% increase since the transition to ARR subscriptions.

The value of ARR was £20.1m at 31st December 2017, an 18% increase from the start of the year and a 31% increase from the annual value of contracts in December 2015 (£15.4m). The value of new ARR contracts signed in 2017 was £3.6m, of which £1.6m was recognised as revenue in the year. The deferred income arising from unrecognised ARR contracts increased by £2m which represents the balance of invoiced but unrecognised revenue from new ARR orders sold in the year.

Importantly, total ARR recognised in 2017 was 78% of total company revenue, providing a solid platform for stability and growth. The corresponding decline in initial licence fees and professional services revenue of £0.8m resulting primarily from the switch to the ARR model. Overall revenue in 2017 increased by 7% to £23.1m, a very encouraging result given the transition away from initial licence fees, which decreased as expected by 14%.

EBITDA in the year to 31st December 2017 was £3.9m, an increase of 86% from 2016 (£2.1m). This would have been enhanced by £2.23m (2016: £271k) to £6.1m if the results were adjusted to exclude non-operational, non-recurring exceptional costs and included exceptional revenue; this adjusted EBITDA was a 155% increase in the year versus 2016 (£2.4m).

The Company's significant investment in Research & Development and in particular cloud solutions continued, with a total investment of £4.2m. This will yield significant growth opportunities over the coming years as the global economy in general recovers and the Built Environment sector in particular begins to invest in technologies to drive productivity and efficiency.

The group secured a £40.5m refinancing package during the year which was led by Guggenheim Investments, who have provided £38m of new term facilities to date.

The funds raised were used to repay shareholder loans (£24.2m) and the Barclays bank loan (£12.86m).

The Guggenheim facilities also incorporate headroom to support growth, with built-in capacity to raise a further £50m of incremental debt facilities and £20m of preference equity. These new facilities provide the Group with a platform to accelerate growth both organically and through selective acquisitions. The facilities are represented in Invesco Technologies Holdings Limited, the holding company of Causeway Software Solutions Limited.

Financial Forecast

It is anticipated that the recognised revenue from existing ARR contracts in 2018 will continue to represent 82% of total revenue, with total recognised recurring revenue (including new business) forecast at £21.4m (90% of total 2018 revenue). Given that recurring revenues exceeds full year operating costs, all new ARR (less adjustment for inflation and attrition) directly correlate to improved EBITDA in subsequent years.

CAUSEWAY TECHNOLOGIES LIMITED

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

The business will continue converting the remaining customer base to the ARR subscriptions offerings and ultimately to the Causeway cloud platform.

Strategic acquisitions with the Guggenheim facility and the transition to the ARR model is expected to see double digit revenue and EBITDA growth over the next 12 months.

Research and Development Current and Future

Causeway are currently implementing the second of a three-phase strategy regarding R&D and the solution sets.

This second phase enables all existing products to use the power of the Causeway Digital Tools platform, which includes:

- Business Process Automation
- Portal App Platform
- BI Analytics Layer
- Mobile App Platform
- Robotic Process Automation

This greatly enhanced offering is one of the key drivers in migrating the existing customer base from an Initial licence fee and maintenance model to ARR subscription bundles.

The 3rd phase is focussed around the self-service, multi-tenanted, single Causeway Cloud. This platform embraces the three operational solution areas of Source to Pay, Capital Project Controls and Infrastructure & Property Maintenance, residing in an extensible API based component platform that supports our customers' with their digital transformation initiatives, whilst fully integrating with their existing back office Accounting software.

Causeway is placing more reliance on the technical innovation and productivity of its Bangalore software development team and this will increase over the next few years as the company continues to invest more in R&D as a percentage of revenue than the industry average.

Human Resource

Executive Chairman Phil Brown readopted the position of Chief Executive following the departure of Colin Smith after 8-months in post. Rob Ramsey has joined the Board as Chief Operating Officer since the year end, bringing improved execution and leadership to the customer-facing operations of the business.

The directors strive to recruit and retain the best employees and to take great care of its existing people. The wellbeing strategy is a key part of this objective, embracing six key drivers – fitness, nutrition, general health, resilience, lifestyle and financial wellbeing. Causeway has been recognised externally for its employee programme, receiving 8 national awards (5 of which were specifically for wellbeing) in the past 4 years.

CAUSEWAY TECHNOLOGIES LIMITED

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

Principal risk and uncertainties

The key risks of the business are a possible decline in licence sales volume and attrition of the customer base that might arise due to adverse market conditions. The transition to long term subscription based contracts and a robust CRM sales process, continues to deliver growth in both sales volumes and customer numbers, ensuring that these risks are managed carefully. Contracted revenues provide a large element of the turnover (82% in 2017) and annually exceed operational costs, which helps to mitigate these risks. If there was a decline in sales, this allows management sufficient time to align costs and revenue and make strategic choices as required.

The most significant financial risks that the company is exposed to are described below.

Credit risk

The company's credit risk is primarily attributable to its trade receivables. The company continuously monitors customer credit levels and obtains, where necessary, external credit reports on customers. The amounts presented in the Statement of Financial Position are net of any allowance for doubtful debtors, based on prior year experience and an assessment of specific circumstances by the directors. The company has no significant concentration of credit risk, with exposure spread over a number of clients. All customers have a licence contract, which reduces the risk of non-payment of licence fees.

Liquidity risk

The company manages its liquidity by monitoring the day to day cash flow needs of the business. The wider group uses bank loans to finance expansion opportunities and monitors cashflow forecasts to ensure that sufficient liquidity exists within the Group to settle liabilities as they fall due and ensure that covenant requirements are complied with. The conversion of EBITDA to cash was 116% based on December 2017 management accounts and is expected to improve in future years with the conversion to subscriptions.

Interest rate risk

The company holds cash assets in interest bearing accounts and borrows from group companies at variable rate of interest. Trade debtors and creditors do not attract interest and are therefore subject to fair value interest rate risk.

Key financial performance indicators

Reference to key financial performance indicators is made above, under "Business review and future developments".

Environmental matters

The company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The company has complied with all applicable legislation and regulations.

The company monitors its Carbon Footprint, and the draft report for 2017 shows a reduction in carbon dioxide equivalent of 14% from 2016. Carbon Credits will be used to support renewable energy projects.

This report was approved by the board on
on its behalf


M Howell
Director

16 May 2018

and signed

CAUSEWAY TECHNOLOGIES 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.

Matters covered in the strategic report

Information on the financial risk management review and future prospects and the principal risks and uncertainties of the business are shown in the Strategic Report.

Results and dividends

The profit for the year, after taxation, amounted to £5,834,464 (2016: £1,620,898).

Total assets are £25.7m as at 31st December 2017 (2016: £19.8m) and the company continues to enjoy strong liquidity with cash reserves at £4.5m. Shareholder's funds increased to stand at £12.35m at the end of the year (2016: £6.51m).

The Directors are not recommending a dividend.

Directors

The directors who served during the year were:

P J Brown
P D Nagle
M Howell

Charitable contributions

In January 2011, The Causeway Foundation (registration number 1142924) was established with the core objective of supporting disadvantaged and exceptionally talented young people to realise their full potential. This charity has no direct relationship with Causeway Technologies Limited although staff members support the activities of the charity and make up a proportion of Board of Trustees.

During the year, the company made charitable donations of £14,680 (2016: £12,775) to the Causeway Foundation.

CAUSEWAY TECHNOLOGIES LIMITED

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

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.

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.

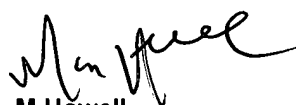
Auditor

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

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

16 May 2018

and


M Howell
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAUSEWAY TECHNOLOGIES LIMITED

Opinion

We have audited the financial statements of Causeway Technologies Limited for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, 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 2017 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 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 Financial Reporting Council'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.

Conclusions relating to going concern

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAUSEWAY TECHNOLOGIES LIMITED
(CONTINUED)**

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Directors' Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matter prescribed under the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

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

Matters on which we are required to report by exception

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAUSEWAY TECHNOLOGIES LIMITED
(CONTINUED)**

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 5, 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.

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. This description forms part of our Auditor's Report.



Amrish Shah BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford

Date: 17 May 2018

CAUSEWAY TECHNOLOGIES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	3	23,120,265	21,514,271
Cost of sales		(5,058,176)	(5,422,575)
Gross profit		18,062,089	16,091,696
Waiver of related party balance		1,675,438	-
Other administrative expenses		(15,131,971)	(14,838,679)
Total administrative expenses		(13,456,533)	(14,838,679)
Other operating income	5	33,898	163,151
Operating profit	6	4,639,454	1,416,168
Interest receivable and similar income	10	780,444	365,052
Interest payable and expenses	11	-	(69,770)
Profit before tax		5,419,898	1,711,450
Tax on profit	12	414,566	(90,552)
Profit for the year		<u>5,834,464</u>	<u>1,620,898</u>
Total comprehensive income for the year		<u>5,834,464</u>	<u>1,620,898</u>

The accounting policies and notes on pages 12 to 34 form part of these financial statements.

CAUSEWAY TECHNOLOGIES LIMITED
REGISTERED NUMBER:03921897

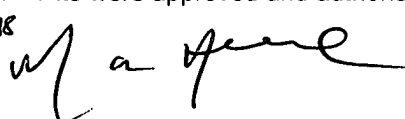
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	13	6,012,853	6,776,514
Tangible assets	14	240,006	359,752
Investments	15	3,943	3,943
		<u>6,256,802</u>	<u>7,140,209</u>
Current assets			
Stocks	16	52,677	34,025
Debtors	17	14,865,084	10,704,142
Cash at bank and in hand	18	4,543,132	1,948,717
		<u>19,460,893</u>	<u>12,686,884</u>
Creditors: amounts falling due within one year	19	(1,005,047)	(2,754,192)
Net current assets		<u>18,455,846</u>	<u>9,932,692</u>
Total assets less current liabilities		<u>24,712,648</u>	<u>17,072,901</u>
Provisions for liabilities			
Deferred tax	21	(4,741)	(46,204)
		<u>(4,741)</u>	<u>(46,204)</u>
Accruals and deferred income	22	(12,357,902)	(10,511,156)
Net assets		<u>12,350,005</u>	<u>6,515,541</u>
Capital and reserves			
Called up share capital	24	11,200	11,200
Share premium account	23	5,340,800	5,340,800
Profit and loss account	23	6,998,005	1,163,541
		<u>12,350,005</u>	<u>6,515,541</u>

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

16 May 2018

M Howell
Director



The accounting policies and notes on pages 12 to 34 form part of these financial statements.

CAUSEWAY TECHNOLOGIES LIMITED

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2017	11,200	5,340,800	1,163,541	6,515,541
Comprehensive income for the year				
Profit for the year	-	-	5,834,464	5,834,464
At 31 December 2017	<u>11,200</u>	<u>5,340,800</u>	<u>6,998,005</u>	<u>12,350,005</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	11,200	5,340,800	(457,357)	4,894,643
Comprehensive income for the year				
Profit for the year	-	-	1,620,898	1,620,898
At 31 December 2016	<u>11,200</u>	<u>5,340,800</u>	<u>1,163,541</u>	<u>6,515,541</u>

The accounting policies and notes on pages 12 to 34 form part of these financial statements.

CAUSEWAY TECHNOLOGIES LIMITED

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

1. Accounting policies

1.1 General Information

Causeway Technologies Limited is a private company limited by shares incorporated in the United Kingdom. Its registered office is at Comino House, Furlong Road, Bourne End, Buckinghamshire, SL8 5AQ.

1.2 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 2).

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The following principal accounting policies have been applied:

1.3 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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Invesco Software Holdings Limited as at 31/12/2017 and these financial statements may be obtained from Comino House, Furlong Road, Bourne End, Buckinghamshire, SL8 5AQ.

1.4 Going concern

The directors have prepared the financial statements on the going concern basis as they believe that the company can continue to meet its liabilities as and when they fall due. The directors have prepared forecasts for the wider group for a period of at least 12 months from the date of approval of these financial statements which indicate that the company is able to operate within its funding facilities.

CAUSEWAY TECHNOLOGIES LIMITED

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

1. Accounting policies (continued)

1.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit 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, valued added tax and other sales taxes.

The following criteria must also be met before revenue is recognised:

Sale of goods and services

Revenue from the sale of services 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 the 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 transactions;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably;
- The stage of completion of the contract at the end of the reporting period can be accessed reliably.

Where the directors consider it possible to unbundle components of revenue which make up a contractual arrangement with a customer, and these components can be fair valued, each component of revenue is recognised separately.

Initial license fees are recognised on delivery of software licences to customers where it can be demonstrated that the risks and rewards of ownership have passed. Annual licence and maintenance fees are recognised on a straight line basis over the life of the contract.

Turnover of maintenance and other professional service contracts is invoiced in advance and released to the Statement of Comprehensive Income on a straight line basis over the course of the contract in line with contract terms.

CAUSEWAY TECHNOLOGIES LIMITED

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

1. Accounting policies (continued)

1.6 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Software licences and trademarks

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Purchased goodwill	-	20	years
Software licences and trademarks-		5	years

1.7 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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.

The estimated useful lives range as follows:

Buildings and refurbishments	-	10	years
Fixtures and fittings	-	5	years
Computer equipment	-	3	years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

CAUSEWAY TECHNOLOGIES LIMITED

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

1. Accounting policies (continued)

1.8 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.

1.9 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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.

CAUSEWAY TECHNOLOGIES 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 debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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 creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

CAUSEWAY TECHNOLOGIES LIMITED

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

1. Accounting policies (continued)

1.15 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

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'.

1.16 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.

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 Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

1.18 Interest income

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

CAUSEWAY TECHNOLOGIES LIMITED

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

1. Accounting policies (continued)

1.19 Provisions 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 reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

1.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge 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 reporting 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 Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.21 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.

1.22 Research and development

Research and development expenditure is written off in the year in which it is incurred.

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

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included below.

Critical judgements that management has made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relates to the following:

Depreciation and amortisation rates

The company depreciates or amortises its intangible and tangible fixed assets over their estimated useful lives, as more fully described in the accounting policies for Intangible and Tangible assets in section 1.5 and 1.6 above. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, developments in the wider business and maintenance programmes. Management believes that the assets have a long track record of stability and achievement and that there are high barriers to market entry. Management is committed to continue to invest in the intangible assets for the long term to maintain and enhance their value.

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, management perform impairment tests based on the fair value less costs to sell or a value in use calculation. The value in use model is based on a discounted cash flow model, cash flow being based on budgets, and estimated discount rates.

CAUSEWAY TECHNOLOGIES LIMITED

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

3. Analysis of Turnover

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

	2017 £	2016 £
Annual licence support and development	<u>23,120,265</u>	<u>21,514,271</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	21,443,324	20,742,768
Rest of the world	1,676,941	771,503
	<u>23,120,265</u>	<u>21,514,271</u>

4. EBITDA

	2017 £	2016 £
Reconciliation of EBITDA per management accounts to EBITDA per financial statements		
EBITDA per management accounts	7,214,562	5,766,084
Termination and redundancy pay	(288,816)	(258,993)
Other exceptional costs	(265,272)	(11,570)
Audit adjustments	(2,759,729)	(3,397,751)
EBITDA	<u>3,900,745</u>	<u>2,097,770</u>

	2017 £	2016 £
Reconciliation of EBITDA to profit before tax		
EBITDA	3,900,745	2,097,770
Interest receivable	780,444	365,052
Interest payable	-	(69,770)
Depreciation	(161,068)	(205,872)
Amortisation	(775,661)	(475,730)
Waiver of balance due to related party	1,675,438	-
Profit on ordinary activities before tax	<u>5,419,898</u>	<u>1,711,450</u>

CAUSEWAY TECHNOLOGIES LIMITED

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

5. Other operating income

	2017 £	2016 £
R&D tax credit	33,898	163,151

6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	161,068	205,872
Amortisation of intangible assets, including goodwill	775,661	475,730
Exchange differences	28,397	(5,179)
Other operating lease rentals - Land and Buildings	267,305	264,094
Defined contribution pension cost	243,412	342,578
Waiver of balance due to related party	(1,675,438)	271,000
Termination and redundancy pay	288,816	258,993
Other exceptional cost	<u>(265,272)</u>	<u>11,570</u>

7. Auditor's remuneration

	2017 £	2016 £
Audit: The audit of the financial statements	54,680	54,350
Non-audit: other services	<u>83,054</u>	<u>33,171</u>

Auditor's remuneration for audit and non-audit services is incurred by the company on behalf of the Group headed by Invesco Software Holdings Limited.

CAUSEWAY TECHNOLOGIES LIMITED

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

8. Employees

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

	2017 £	2016 £
Wages and salaries	8,738,737	9,191,906
Social security costs	1,037,244	1,039,149
Cost of defined contribution scheme	243,412	342,578
	<u>10,019,393</u>	<u>10,573,633</u>

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

	2017 No.	2016 No.
Employees	<u>138</u>	<u>142</u>

9. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	861,551	1,323,574
Directors pension costs	9,167	17,499
	<u>870,718</u>	<u>1,341,073</u>

During the year retirement benefits were accruing to 1 director (2016: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £474,959 (2016: £719,755).

The Directors are considered to be Key Management.

10. Interest receivable

	2017 £	2016 £
Interest receivable from group companies	768,094	321,859
Other interest receivable	12,350	43,193
	<u>780,444</u>	<u>365,052</u>

CAUSEWAY TECHNOLOGIES LIMITED

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

11. Interest payable and similar charges

	2017 £	2016 £
Loans from group undertakings	<u>-</u>	<u>69,770</u>

12. Taxation

	2017 £	2016 £
Corporation tax		
Adjustments in respect of previous periods	(373,103)	44,348
	<u>(373,103)</u>	<u>44,348</u>
Total current tax	<u>(373,103)</u>	<u>44,348</u>
Deferred tax		
Origination and reversal of timing differences	(41,463)	46,204
Total deferred tax	<u>(41,463)</u>	<u>46,204</u>
Taxation on (loss)/profit on ordinary activities	<u>(414,566)</u>	<u>90,552</u>

CAUSEWAY TECHNOLOGIES LIMITED

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

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19.25% (2016:20.00%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>5,419,898</u>	<u>1,711,450</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	1,043,144	342,290
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	-	65,123
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	10,582	5,388
Fixed asset differences	38,582	-
Other timing differences leading to an increase (decrease) in taxation	(6,525)	-
Income not taxable for tax purposes	(322,464)	-
Additional deduction for R&D expenditure	(535,545)	(335,234)
Credit in relation to R&D expenditure	8,080	(4,264)
Adjustments to tax charge in respect of prior periods	(373,103)	44,348
Deferred tax not recognised	(9,576)	(3,922)
Adjust closing deferred tax to average rate of 19.25%	(627)	(8,154)
Adjustments to losses	(1,119)	-
Adjust opening deferred tax to average rate of 19.25%	4,840	(436)
Group relief	(270,835)	(14,587)
Total tax charge for the year	<u>(414,566)</u>	<u>90,552</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

CAUSEWAY TECHNOLOGIES LIMITED

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

13. Intangible assets

	Software licences and trademarks £	Goodwill £	Total £
Cost			
At 1 January 2017	2,610,061	8,934,930	11,544,991
Additions	12,000	-	12,000
At 31 December 2017	<u>2,622,061</u>	<u>8,934,930</u>	<u>11,556,991</u>
Amortisation			
At 1 January 2017	854,886	3,913,591	4,768,477
Charge for the year	361,888	413,773	775,661
At 31 December 2017	<u>1,216,774</u>	<u>4,327,364</u>	<u>5,544,138</u>
Net book value			
At 31 December 2017	<u><u>1,405,287</u></u>	<u><u>4,607,566</u></u>	<u><u>6,012,853</u></u>
At 31 December 2016	<u><u>1,755,175</u></u>	<u><u>5,021,339</u></u>	<u><u>6,776,514</u></u>

CAUSEWAY TECHNOLOGIES LIMITED

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

14. Tangible fixed assets

	Buildings & refurb's £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2017	438,119	861,537	2,865,164	4,164,820
Additions	2,623	-	38,699	41,322
At 31 December 2017	<u>440,742</u>	<u>861,537</u>	<u>2,903,863</u>	<u>4,206,142</u>
Depreciation				
At 1 January 2017	277,066	830,100	2,697,902	3,805,068
Charge for the year on owned assets	40,152	14,181	106,735	161,068
At 31 December 2017	<u>317,218</u>	<u>844,281</u>	<u>2,804,637</u>	<u>3,966,136</u>
Net book value				
At 31 December 2017	<u><u>123,524</u></u>	<u><u>17,256</u></u>	<u><u>99,226</u></u>	<u><u>240,006</u></u>
At 31 December 2016	<u><u>161,053</u></u>	<u><u>31,437</u></u>	<u><u>167,262</u></u>	<u><u>359,752</u></u>

CAUSEWAY TECHNOLOGIES LIMITED

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

15. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2017	12,987
At 31 December 2017	<u>12,987</u>
Impairment	
At 1 January 2017	9,044
At 31 December 2017	<u>9,044</u>
Net book value	
At 31 December 2017	<u><u>3,943</u></u>
At 31 December 2016	<u><u>3,943</u></u>

CAUSEWAY TECHNOLOGIES LIMITED

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

15. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
		100	
Vixen Software Solutions Limited	Ordinary	%	Dormant
		100	
Integrated FM Limited	Ordinary	%	Dormant
		100	
Causeway ME Limited	Ordinary	%	Supplier of computer services
		100	
Causeway Middle East FZ-LLC	Ordinary	%	Dormant

Name	Country of Incorporation
Vixen Software Solutions Limited	United Kingdom
Integrated FM Limited	United Kingdom
Causeway ME Limited	United Arab Emirates
Causeway Middle East FZ-LLC	United Arab Emirates

The aggregate of the share capital and reserves as at 31 December 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
Vixen Software Solutions Limited	800	-
Integrated FM Limited	(98,495)	-
Causeway ME Limited	-	(1,675,438)
Causeway Middle East FZ-LLC	<u>1</u>	<u>-</u>

CAUSEWAY TECHNOLOGIES LIMITED

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

16. Stocks

	2017 £	2016 £
Raw materials and consumables	<u>52,677</u>	<u>34,025</u>

17. Debtors

	2017 £	2016 £
Trade debtors	2,178,710	2,377,046
Amounts owed by group undertakings	11,447,748	7,278,799
Amounts owed by related parties	142,428	-
Other debtors	57,175	75,448
Prepayments and accrued income	643,641	664,429
Tax recoverable	395,382	308,420
	<u>14,865,084</u>	<u>10,704,142</u>

Amounts owed by group undertakings are receivable on demand and bear interest at 1% above the rate of interest set out in a facility agreement between Guggenheim Partners Europe Limited, Barclays Bank and Invesco Technologies Holdings Limited.

18. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>4,543,132</u>	<u>1,948,717</u>

19. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	335,230	319,552
Amounts owed to group undertakings	800	1,736,515
Amounts owed to related parties	47,631	-
Other taxation and social security	450,751	535,434
Other creditors	170,635	162,691
	<u>1,005,047</u>	<u>2,754,192</u>

CAUSEWAY TECHNOLOGIES LIMITED

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

20. Financial instruments

	2017 £	2016 £
Financial assets		
Cash at bank	4,543,132	1,948,717
Trade debtors	2,178,710	2,377,046
Other debtors	57,175	75,448
Amounts owed by group undertakings	11,447,748	7,278,799
Amounts owed by related parties	142,428	-
	<u>18,369,193</u>	<u>11,680,010</u>
Financial liabilities		
Trade creditors	335,230	319,552
Amounts owed to group undertakings	800	1,736,515
Amounts owed to related undertakings	47,631	-
Accruals	359,535	476,917
Other creditors	170,634	162,691
	<u>913,830</u>	<u>2,695,675</u>

21. Deferred taxation

	2017 £	2016 £
At beginning of year	(46,204)	-
Charged to profit or loss	41,463	(46,204)
	<u>(4,741)</u>	<u>(46,204)</u>

The deferred taxation balance is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(13,615)	(54,459)
Short term timing differences	7,671	7,052
Tax losses carried forward and other deductions	1,203	1,203
	<u>(4,741)</u>	<u>(46,204)</u>

CAUSEWAY TECHNOLOGIES LIMITED

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

22. Accruals and deferred income

	2017 £	2016 £
Less than one year	<u>12,357,902</u>	<u>10,511,156</u>

Deferred income of £11,998,367 (2016: £10,034,239) is included within accruals and deferred income. This balance comprises amounts received in advance with turnover deferred until the service has been provided. There is no cash flow associated with this balance.

23. Reserves

Share premium account

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

Profit and loss account

The profit and loss account includes all current and prior year retained profits and losses.

CAUSEWAY TECHNOLOGIES LIMITED

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

24. Share capital

	2017 £	2016 £
Shares classified as equity		
Authorised		
15,000,000- Ordinary shares of £0.001 each	<u>15,000</u>	<u>15,000</u>
Allotted, called up and fully paid		
11,200,000- Ordinary shares of £0.001 each	<u>11,200</u>	<u>11,200</u>

25. Contingent liabilities

The company is party to a cross guarantee in respect of bank borrowings of Invesco Technologies Holdings Limited. The amount due to the bank as at 31 December 2017 is £38m (2016 - £nil) and net of unamortised issue costs is £36,591,434 (2016 - £nil).

In 2016 the company was party to a cross guarantee in respect of bank borrowings of the ultimate holding company, Invesco Software Holdings Limited. The amount due to the bank as at 31 December 2017 is £nil (2016: £12,855,000).

The company set up an incentive arrangement in the years ended 31 December 2010 to 2014 for key management personnel. These arrangements are currently subject to enquiry by HMRC.

If HMRC determine that the arrangements are not a valid incentive plan for tax purposes, Employer's and Employee's National Insurance Contributions and PAYE could be due and payable by the company. HMRC have not given an indication as to when they might conclude their enquiry. The directors are vigorously defending the tax status of the arrangements and are of the opinion that no further tax liabilities will arise. However, it is considered appropriate to disclose a contingent liability in respect of this issue.

If HMRC were successful in challenging the position, the directors' current best estimate of the maximum potential exposure is £2.3m. However, under the terms of the arrangement, the company has recourse to the beneficiaries of the arrangement for reimbursement of the PAYE and Employee's National Insurance Contributions amounting to £1.5m. This has the potential to substantially reduce any net exposure. The company intends to exercise this right.

There were no other contingent liabilities at 31 December 2017 or 31 December 2016.

26. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension costs charge represents contributions payable by the group to the fund and amounted to £243,412 (2016: £342,578). Contributions totaling £45,124 (2016: £41,480) were payable to the fund at the reporting date and are included in creditors.

CAUSEWAY TECHNOLOGIES LIMITED

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

27. Commitments under operating leases

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

	2017 £	2016 £
Not later than 1 year	89,177	54,390
Later than 1 year and not later than 5 years	120,662	140,508
	<u>209,839</u>	<u>194,898</u>

28. Related party transactions

During the year the company purchased services of £141,873 (2016: £22,731) from Powershift Media Limited, a company in which Mr P D Nagle is a director. There was £Nil due to (2016: £19,778) Powershift Media Limited at the year-end.

During the year the company incurred expenses of £131,243 (2016: £1,025,127) on behalf of Livestax Limited, a company in which P Brown and M Howell are directors. P D Nagle, P Brown and M Howell own 100% of the ordinary share capital of Livestax Limited. At the year end £142,428 (2016: £458,996) was owed by Livestax Limited to the company.

During the year the company made sales of £Nil (2016: £60,000) to Comino Media Limited, a related party by virtue of a common director.

During the year the company incurred expenses of £607 (2016: £599) on behalf of BR Data Limited, a related party by virtue of common directors. At 31 December 2017 £1,724 (2016: £1,117) was due to the company.

During the year the company purchase services of £427,488 (2016: £301,099) from Secura Hosting Ltd, a related party by virtue of common directors. At 31 December 2017 £47,631 (2016: £40,019) was due to Secura Hosting Ltd.

During the year the company incurred expenses of £1,456 (2016: £1,547) on behalf of Harington's Salon Holding Limited, a related party by virtue of common directors. At 31 December 2017 £Nil (2016: £400) was due to Harington's Salon Holding Limited.

During the year the company purchased a licence for £Nil (2016: £300,000) from Cinesite VFX Limited, a related party by virtue of a common director.

During the year the company made sales of £15,724 (2016: £Nil) to Donseed UK Limited, a related party by virtue of common directors. At the year end, £4,641 (2016: £Nil) was due to the company.

As a wholly owned subsidiary of Invesco Software Holdings Limited, the company is exempt under FRS 102 from the requirement to disclose transactions with other members of the group headed by Invesco Software Holdings Limited.

CAUSEWAY TECHNOLOGIES LIMITED

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

29. Controlling party

The ultimate parent undertaking of this company is Invesco Software Holdings Limited, a company incorporated in England & Wales. Copies of the group financial statements of Invesco Software Holdings Limited can be obtained from Comino House, Furlong Road, Bourne End, Buckinghamshire, SL8 5AQ.