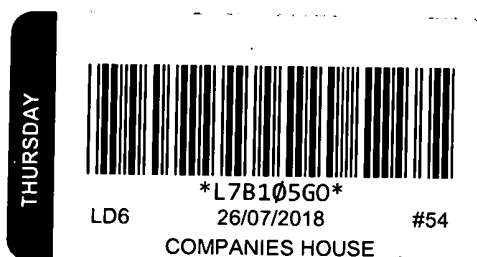


Registration number: 05424046

ACTIVE RISK GROUP LIMITED

Financial Statements

for the Year Ended 31 December 2017



BREBNEERS

Chartered Accountants & Statutory Auditor
130 Shaftesbury Avenue
London
W1D 5AR

ACTIVE RISK GROUP LIMITED

Contents

Company Information	1
Strategic Report	2 to 5
Directors' Report	6
Statement of Directors' Responsibilities	7
Independent Auditor's Report	8 to 10
Statement of Income and Retained Earnings	11
Statement of Financial Position	12
Notes to the Financial Statements	13 to 19
Detailed Income Statement	21 to 22

ACTIVE RISK GROUP LIMITED

Company Information

Directors	J F Mottard S A Allen
Registered office	1 Grenfell Road Maidenhead Berkshire SL6 1HN
Auditors	Brebners Chartered Accountants & Statutory Auditor 130 Shaftesbury Avenue London W1D 5AR

ACTIVE RISK GROUP LIMITED

Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Principal activity

The principal activity of the company is that of a holding company.

Our core business

Active Risk provides a leading Enterprise Risk Management ('ERM') solution which allows organisations to identify, analyse and manage risk more effectively, enabling improved business performance. The Active Risk approach to ERM includes four key areas: Operational Risk Management, Project Management, Governance and Compliance, and Opportunity Management.

Our markets

We focus on organisations with the following characteristics:

- Revenue in excess of \$1 billion
- Complex global operations
- Capital intensive contracts
- Increased regulation and compliance requirements
- Increased cost reduction requirements

Accordingly, we concentrate on the following market sectors:

- Aerospace & Defence
- Construction and Engineering
- Government
- Energy (including Oil & Gas, Mining and Utilities)

The opportunity

Our target customers typically wish to improve business performance in order to manage shareholder value. The effective identification, analysis and management of risk are key components in improving both operational and financial performance, and while organisations recognise this, critical exposures still exist in many companies. Executive-level perception of risk continues to be obscured by organisational silos and outdated or inefficient systems potentially leaving a performance gap between an organisation's expectations for risk management and what is actually realised.

How Active Risk takes advantage of this opportunity

We help our customers to succeed by making risk management a valuable and less complex process. Active Risk ensures that business leaders have actionable data to make informed business decisions and capture strategic value within their organisation. Our product Active Risk Manager ('ARM') addresses the risk management process in a comprehensive manner (encompassing the six steps of identification, analysis, control, monitoring, improvement and reporting) and is the only solution that simplifies the identification and analysis of all risks at every level in an organisation so that executives can establish an accurate view.

ARM brings the following benefits:

Competitive Advantage

Business leaders who understand their organisation's risk profile are better able to leverage it to create opportunity and competitive advantage. With superior ERM, risk can be addressed thoughtfully and proactively - ensuring that strategic goals are met:

- Predictability improves, outperforming competition with more on-time & on-budget deliveries;
- Reaction times decrease, improving business performance;
- Compliance is thoroughly addressed, boosting confidence and providing peace of mind; and
- Importantly, new opportunities are discovered, accelerating growth.

ACTIVE RISK GROUP LIMITED

Strategic Report for the Year Ended 31 December 2017

Strategic Visibility

Active Risk provides the only solution that can collect all risk data from anywhere in an organisation, at the point at which it is encountered - whether on a project, in operations, or at a strategic level. This ensures true risk visibility across an enterprise.

Actionable Data

Active Risk's ERM technology is designed to filter large quantities of risk data to ensure that executives have the exact information that ensures they meet their strategic goals. Comprehensive, real-time data is immediately actionable through dashboards and reports that are defined against business objectives.

Our competitive position

ARM is unique in being able to fulfill the end-to-end requirements of risk management with its scalable, integrated, standards-based, real time and consolidated view of enterprise-wide risk profiles. Our strategy and roadmap, based on customer needs and market trends, is designed to keep us focused and ahead of the market.

We are unrivalled as a company delivering a market-leading risk management software solution to our target industry sectors. We offer the most comprehensive software solution for risk and have industry experts in our team, with in-depth experience of successful large-scale risk management implementations. The essence of risk management is about culture change and our full service capability sets us apart. In addition, we believe our core services capabilities further set us apart by enabling us to integrate our risk management solution into our customers' existing complex process infrastructures.

Fair review of the business

The company is the intermediary holding company of the Active Risk companies operating in the UK, USA and Australia.

The directors are satisfied with the performance for the year which is in line with expectations, as the company's affairs are simple and expenditure is controllable.

As at the 31st December 2017 the company has cash at bank of £62,340 and net assets amounting to £6,832,424.

The company's major assets are its investments in its subsidiaries. The directors are satisfied with the performance of the subsidiaries, all of which have been profitable during the year.

Principal risks and uncertainties

The directors and management team oversee clear and effective risk management policies and procedures that cover all major financial transactions of the company. The directors are of the opinion that there is an adequate process in place to identify and evaluate principal risks.

The principal risks facing the company are as follows:

- Theft of Intellectual Property - the company is ISO27001 accredited which ensures robust information security for all of our company data, including our Intellectual Property. Specifically, access to our source code is restricted to key authorised personnel and the code is held in a secure repository. The company's management team regularly discuss and monitor information security.
- Failure to deliver on customer promise - the company is ISO9001 accredited with customer satisfaction being one of our key quality objectives for 2017. We regularly communicate to our customers about our plans for the software at our annual global conferences and via local informal user groups, considering their feedback when drawing up the product roadmap. At an operational level, we have a dedicated 24/7 support desk which all customers have access to. Each customer has a service level agreement with a clearly defined escalation process to ensure quick resolution of any issues.
- Incorrect corporate/product strategy
- Competitor takes largest market share
- Loss of major customers

ACTIVE RISK GROUP LIMITED

Strategic Report for the Year Ended 31 December 2017

In view of these risks and uncertainties the directors are looking carefully at both existing and potential new markets and the development of new products to remain competitive.

Reviews are carried out regularly to evaluate existing controls and develop future strategy for the management of risk.

Financial Instruments

The company uses basic financial instruments, comprising cash and various other items, such as trade debtors and trade creditors. The main purpose of these instruments is to raise funds for and finance the company's operations.

It is and has been throughout the year under review, the company policy that no trading in financial instruments shall be undertaken.

The company does not enter into any formal hedging arrangements.

Financial risk management objectives and policies

Liquidity, credit, price and cash flow risks are managed by the directors on a constant basis to ensure the company maintains adequate cash flows to serve its working capital requirements.

The company has a normal level of exposure to price, credit, liquidity and cash flow risks arising from trading activities which are largely conducted in sterling.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses by authorisation of credit terms to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by managing cash generation by its operations and ensuring regular monitoring of amounts outstanding for both time and credit limits in trade debtors,

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability such as future interest payments on a variable rate debt. The company manages this risk, where significant, and does not maintain any derivatives or complex financial instruments as explained above.

ACTIVE RISK GROUP LIMITED

Strategic Report for the Year Ended 31 December 2017

Future Developments

Our strategy is aligned to the direction of the risk market and we have built sales teams and partners with the necessary enterprise-wide skills and knowledge to communicate the business case and convert our ARM pipeline into new customers. This is supported by our marketing function which refines market targeting and delivers the ARM value proposition to the market.

The principal activity and trading performance of the company and group is expected to remain consistent for the foreseeable future.

Active Risk Limited and Sword Achiever Limited, subsidiary undertakings, are currently undertaking research and development in order to improve and diversify their software offerings.

Approved by the Board on 10/7/2018 and signed on its behalf by:



S A Allen
Director

ACTIVE RISK GROUP 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.

Directors of the company

The directors who held office during the year were as follows:

J F Mottard

S A Allen

Dividends

The directors do not recommend the payment of a dividend.

Disclosure of information in the Strategic Report

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments, research & development and financial instruments.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 10/1/2018 and signed on its behalf by:


.....
S A Allen
Director

ACTIVE RISK GROUP LIMITED

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

ACTIVE RISK GROUP LIMITED

Independent Auditor's Report to the Members of Active Risk Group Limited for the Year Ended 31 December 2017

Opinion

We have audited the financial statements of Active Risk Group Limited (the 'company') for the year ended 31 December 2017, which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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.

ACTIVE RISK GROUP LIMITED

Independent Auditor's Report to the Members of Active Risk Group Limited for the Year Ended 31 December 2017

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

Matters on which we are required to report by exception

In the light of our 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 and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page , 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

ACTIVE RISK GROUP LIMITED

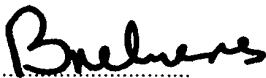
Independent Auditor's Report to the Members of Active Risk Group Limited for the Year Ended 31 December 2017

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Philip Heath (Senior Statutory Auditor)
For and on behalf of

Brebners, Statutory Auditor
130 Shaftesbury Avenue
London
W1D 5AR

Date: 26th July 2018

ACTIVE RISK GROUP LIMITED

Statement of Income and Retained Earnings for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover		-	-
Administrative expenses		<u>(7,732)</u>	<u>(134)</u>
Operating loss	3	(7,732)	(134)
Other interest receivable and similar income	4	-	21,268
Interest payable and similar charges	5	<u>(10)</u>	<u>-</u>
(Loss)/profit before tax		(7,742)	21,134
Taxation	7	<u>(2,756)</u>	<u>6,984</u>
(Loss)/profit for the financial year		(10,498)	28,118
Retained earnings brought forward		<u>152,735</u>	<u>124,617</u>
Retained earnings carried forward		<u>142,237</u>	<u>152,735</u>

The notes on pages 13 to 19 form an integral part of these financial statements.

ACTIVE RISK GROUP LIMITED

Statement of Financial Position as at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	8	7,078,116	7,078,116
Current assets			
Debtors	9	1,471	603,665
Cash at bank and in hand		<u>62,340</u>	<u>62,340</u>
		63,811	666,005
Creditors: Amounts falling due within one year	10	<u>(309,503)</u>	<u>(901,199)</u>
Net current liabilities		<u>(245,692)</u>	<u>(235,194)</u>
Net assets		<u><u>6,832,424</u></u>	<u><u>6,842,922</u></u>
Capital and reserves			
Called up share capital	11	372,715	372,715
Share premium reserve	12	6,317,472	6,317,472
Profit and loss account	12	<u>142,237</u>	<u>152,735</u>
Total equity		<u><u>6,832,424</u></u>	<u><u>6,842,922</u></u>

Approved and authorised by the Board on 16/7/2018 and signed on its behalf by:



S A Allen
Director

Company registration number: 05424046

The notes on pages 13 to 19 form an integral part of these financial statements.

ACTIVE RISK GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

1 GENERAL INFORMATION

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office and principal place of business is:

1 Grenfell Road
Maidenhead
Berkshire
SL6 1HN
United Kingdom

The principal activity of the company is that of a holding company.

2 ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except any items disclosed in the accounting policies as being shown at fair value and are presented in sterling, which is the functional currency of the entity.

Going concern

The company and group have considerable financial resources, the continued support from the parent undertaking, sufficient cash at bank and has long-term contracts with a number of customers across different industries. The directors believe that the company and group are well placed to manage business risks successfully.

After making enquiries, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Summary of disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Sword Group SE, which can be obtained from swordgroup.com/investors. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

Group accounts not prepared

The entity has taken advantage of the exemption from preparing consolidated financial statements contained in Section 400 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State.

ACTIVE RISK GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. Key assumptions and other estimation uncertainty may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The company currently does not have any significant accounting estimates and there is no significant effect on any amounts recognised in the financial statements.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Dividend income is recognised when the right to receive payments is established.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 taxable income.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currency transactions and balances

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account. Non-monetary items that are measured in terms of historic cost in a foreign currency are not retranslated.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

ACTIVE RISK GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the statement of comprehensive income over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Financial instruments

Classification

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Recognition and measurement

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Impairment

For all equity instruments regardless of significant, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

ACTIVE RISK GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

Related parties

For the purposes of these financial statements, a party is considered to be related to the company if:

- (i) the party has the ability, directly or indirectly, through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company;
- (ii) the company and the party are subject to common control;
- (iii) the party is an associate of the company or a joint venture in which the company is a venturer;
- (iv) the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals;
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company; or
- (vii) the party, or any member of a group of which it is part, provides key management personnel services to the company or its parent.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3 OPERATING LOSS

Arrived at after charging/(crediting)

	2017 £	2016 £
Foreign exchange differences	<u>(17)</u>	<u>(18)</u>

4 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £	2016 £
Other finance income	<u>-</u>	<u>21,268</u>

5 INTEREST PAYABLE AND SIMILAR EXPENSES

	2017 £	2016 £
Interest on bank overdrafts and borrowings	<u>10</u>	<u>-</u>

6 AUDITORS' REMUNERATION

	2017 £	2016 £
Audit of the financial statements	<u>3,750</u>	<u>-</u>

ACTIVE RISK GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

7 TAXATION

Tax charged/(credited) in the income statement

	2017 £	2016 £
Current taxation		
UK corporation tax	<u>2,756</u>	<u>(6,984)</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2016: lower than the standard rate of corporation tax in the UK) of 19.25% (2016: 20%).

The differences are reconciled below:

	2017 £	2016 £
(Loss)/profit before tax	<u>(7,742)</u>	<u>21,134</u>
Corporation tax at standard rate	(1,490)	4,227
Effect of expense not deductible in determining taxable profit (tax loss)	770	-
Tax increase (decrease) arising from group relief	(751)	(4,227)
Subvention payment/(receipt)	<u>4,227</u>	<u>(6,984)</u>
Total tax charge/(credit)	<u>2,756</u>	<u>(6,984)</u>

8 INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

	2017 £	2016 £
Investments in subsidiaries	<u>7,078,116</u>	<u>7,078,116</u>
Subsidiaries		£
Cost or valuation		
At 1 January 2017 and 31 December 2017		<u>7,078,116</u>
Carrying amount		
At 31 December 2017		<u>7,078,116</u>
At 31 December 2016		<u>7,078,116</u>

ACTIVE RISK GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

The company holds or has beneficial interest in 20% or more of the share capital of the following principal companies:

	Registered office	Class of share	Proportion held	Business
Active Risk Limited	1 Grenfell Road Maidenhead Berkshire SL6 1HN UK	Ordinary	100%	Risk management software
Active Risk Proprietary Limited	40/140 William Street Melbourne VIC 3000 Australia	Ordinary	100%	Risk management software
Active Risk Inc	13221 Woodland Park Road Suite 440 Herndon, VA 20171 United States	Common Stock	100%	Risk management software
Sword Achiever Limited	1 Grenfell Road Maidenhead Berkshire SL6 1HN UK	Ordinary	100%	Software and consultancy

At 31st December 2017 total investments included capital contribution of £3,200,000 (2016: £3,200,000) in respect the capitalisation of the intercompany loans with Active Risk Limited in prior years. During the year £Nil (2016: £2,500,000) was repaid to the company from Active Risk Limited.

The company is not required to disclose the aggregate capital and reserves, and the profit and loss account under the Companies Act 2006 for the principal subsidiary undertakings as it is exempt by virtue of Section 400 of the Companies Act 2006 from preparing group accounts as it is part of a larger group preparing consolidated accounts. The information in the financial statements are for the company only.

9 DEBTORS

	Note	2017 £	2016 £
Other debtors		-	603,665
Corporation tax asset	7	1,471	-
		<u>1,471</u>	<u>603,665</u>

10 CREDITORS

	Note	2017 £	2016 £
Due within one year			
Amounts due to related parties	13	305,503	901,199
Accrued expenses		4,000	-
		<u>309,503</u>	<u>901,199</u>

ACTIVE RISK GROUP LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2017

11 SHARE CAPITAL

Allotted, called up and fully paid shares

	2017		2016	
	No.	£	No.	£
Ordinary shares of £0.01 each	34,231,171	342,312	34,231,171	342,312
Ordinary B shares of £0.01 each	3,040,375	30,404	3,040,375	30,404
	<u>37,271,546</u>	<u>372,715</u>	<u>37,271,546</u>	<u>372,715</u>

12 RESERVES

The share premium account contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss account includes all current and prior retained earnings and accumulated losses.

13 RELATED PARTY TRANSACTIONS

In accordance with FRS 102 paragraph 33.1A, exemption is taken not to disclose transactions in the year between wholly owned group undertakings.

14 CONTROLLING PARTY

The company's immediate parent undertaking is Sword Soft Limited.

The ultimate controlling party is Sword Group SE whom the directors consider to be the ultimate parent undertaking. The head office of Sword Group SE is located at Luxembourg, Route d'Arlon 2-4, L-8399 Windhof.

Group accounts are prepared by Sword Group SE including the results of Active Risk Group Limited. This is the largest and smallest group preparing group accounts.

15 NON ADJUSTING EVENTS AFTER THE FINANCIAL PERIOD

On 13th February 2018 4,752,122 £0.01 Ordinary B shares were issued at £0.2842 each. This represents a share premium of £1,303,032.

On 1st June 2018 a dividend of £1,000,000 was paid by the company.

ACTIVE RISK GROUP LIMITED

Management Information for the Year Ended 31 December 2017

The following pages do not form part of the financial statements.