

Registered number: 03341304

MRI SOFTWARE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



MRI SOFTWARE LIMITED

COMPANY INFORMATION

Directors	J A Ensign (appointed 10 March 2017) P J Ghilani R Telerman (appointed 10 March 2017) M J Vantusko (resigned 10 March 2017)
Registered number	03341304
Registered office	Augustine House 6a Austin Friars London EC2N 2HA
Auditors	Barnes Roffe LLP Chartered Accountants & Statutory Auditors Charles Lake House Claire Causeway Crossways Business Park Dartford Kent DA2 6QA
Bankers	Barclays Bank Plc PO Box 32016 London NW1 2ZH

MRI SOFTWARE LIMITED

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MRI SOFTWARE LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Introduction

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

Business review

Turnover increased by 291% over the prior year to £11.4m. While we fell to an operating loss of (£0.9m) in 2017 from an operating profit of £0.1m in 2016, this is primarily a function of an increase in intangible amortisation and fixed asset depreciation expense of £1.8m. The increase from 2016 to 2017 in net cash generated from operating activities of £0.8m provides a indication of the strength of the cash-generating capability of the business as it continues to expand from the synergies created with the acquisitions made at the end of 2017.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are those of general market and economic risks in common with other businesses in the current economic climate.

The directors aim to manage these risks and uncertainties going forward in order to maintain and improve on the current level of performance.

Key performance indicators

The key financial performance indicators are as follows:

- Revenue per employee
- Ratio of employment costs to annually recurring revenue
- Ratio of recurring revenue to total revenue

The directors consider the above ratios to be at acceptable levels for the year ended 31 December 2017.

This report was approved by the board on *September 26, 2018* and signed on its behalf.


R Telerman
Director

26/09/2018

MRI SOFTWARE 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' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £1,011,562 (2016 - profit £103,056).

Dividends paid during the year were £nil (2016: £nil). The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the year were:

J A Ensign (appointed 10 March 2017)
P J Ghilani
R Telerman (appointed 10 March 2017)
M J Vantusko (resigned 10 March 2017)

MRI SOFTWARE LIMITED

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

Future developments

The Group continues to trade profitably and to pursue opportunities to improve its performance and financial position.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the Group's auditors are aware of that information.

Post balance sheet events

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

This report was approved by the board on *September 26, 2018* and signed on its behalf.



R Telerman
Director

26/09/2018

MRI SOFTWARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MRI SOFTWARE LIMITED

Opinion

We have audited the financial statements of MRI Software Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Group Statement of Comprehensive Income, the Group and company Balance Sheets, the Group Statement of Cash Flows, the Group and company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2017 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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.

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 Group's or the parent 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 Auditors' 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.

MRI SOFTWARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MRI SOFTWARE LIMITED (CONTINUED)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group Strategic Report and the 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 the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

MRI SOFTWARE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MRI SOFTWARE LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, 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 Group's and the parent 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 Group or the parent 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 Auditors' 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 Auditors' Report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' 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.

Mario Ciantanni (Senior statutory auditor)
for and on behalf of
Barnes Roffe LLP
Chartered Accountants & Statutory Auditors
Charles Lake House
Claire Causeway
Crossways Business Park
Dartford
Kent
DA2 6QA

Date: 28/09/2018

MRI SOFTWARE LIMITED

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

	Note	2017 £	2016 £
Turnover	4	11,370,518	2,905,363
Cost of sales		(645,672)	(26,042)
Gross profit		10,724,846	2,879,321
Administrative expenses		(11,627,172)	(2,765,082)
Operating (loss)/profit	5	(902,326)	114,239
Interest receivable and similar income		120	-
(Loss)/profit before taxation		(902,206)	114,239
Tax on (loss)/profit	9	(109,356)	(11,183)
(Loss)/profit for the financial year		(1,011,562)	103,056

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 13 to 34 form part of these financial statements.

MRI SOFTWARE LIMITED
REGISTERED NUMBER: 03341304

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	11	124,063,132	-
Tangible assets	12	1,028,031	86,544
		<u>125,091,163</u>	<u>86,544</u>
Current assets			
Debtors: amounts falling due within one year	16	12,322,013	868,405
Cash at bank and in hand	17	1,725,513	572,376
		<u>14,047,526</u>	<u>1,440,781</u>
Creditors: amounts falling due within one year	18	(31,241,204)	(1,065,304)
Net current (liabilities)/assets		<u>(17,193,678)</u>	<u>375,477</u>
Total assets less current liabilities		<u>107,897,485</u>	<u>462,021</u>
Creditors: amounts falling due after more than one year		(95,695,096)	-
Provisions for liabilities			
Deferred taxation	21	(111,264)	(17,309)
Net assets		<u><u>12,091,125</u></u>	<u><u>444,712</u></u>
Capital and reserves			
Called up share capital	22	50,000	50,000
Profit and loss account		12,041,125	394,712
		<u><u>12,091,125</u></u>	<u><u>444,712</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on September 26, 2018


R Telerman
 Director

26/09/2018

The notes on pages 14 to 34 form part of these financial statements.

MRI SOFTWARE LIMITED
REGISTERED NUMBER: 03341304

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	107,994	86,544
Investments	13	121,400,000	-
		<u>121,507,994</u>	<u>86,544</u>
Current assets			
Debtors: amounts falling due within one year	16	1,671,297	868,405
Cash at bank and in hand	17	30,929	572,376
		<u>1,702,226</u>	<u>1,440,781</u>
Creditors: amounts falling due within one year	18	(14,350,388)	(1,065,304)
Net current (liabilities)/assets		<u>(12,648,162)</u>	<u>375,477</u>
Total assets less current liabilities		<u>108,859,832</u>	<u>462,021</u>
Creditors: amounts falling due after more than one year		(95,695,096)	-
Provisions for liabilities			
Deferred taxation	21	(20,519)	(17,309)
Net assets		<u>13,144,217</u>	<u>444,712</u>
Capital and reserves			
Called up share capital	22	50,000	50,000
Other changes in the profit and loss account		12,657,975	-
Profit and loss account carried forward		<u>13,094,217</u>	<u>394,712</u>
		<u>13,144,217</u>	<u>444,712</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on *September 26, 2018*


R Teerman
 Director

26/09/2018

The notes on pages 14 to 34 form part of these financial statements.

MRI SOFTWARE LIMITED

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

	Called up share capital	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£	£	£	£
At 1 January 2017	50,000	394,712	444,712	444,712
Loss for the year	-	(1,011,562)	(1,011,562)	(1,011,562)
Capital contribution - loan net present value adjustment (see note 20)	-	12,657,975	12,657,975	12,657,975
At 31 December 2017	50,000	12,041,125	12,091,125	12,091,125

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

	Called up share capital	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£	£	£	£
At 1 January 2016	50,000	291,656	341,656	341,656
Profit for the year	-	103,056	103,056	103,056
At 31 December 2016	50,000	394,712	444,712	444,712

The notes on pages 13 to 34 form part of these financial statements.

MRI SOFTWARE LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2017	50,000	394,712	444,712
Profit for the year	-	41,530	41,530
Capital contribution - loan net present value adjustment (see note 20)	-	12,657,975	12,657,975
At 31 December 2017	50,000	13,094,217	13,144,217

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	50,000	291,656	341,656
Profit for the year	-	103,056	103,056
At 31 December 2016	50,000	394,712	444,712

The notes on pages 13 to 34 form part of these financial statements.

MRI SOFTWARE LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(1,011,562)	103,056
Adjustments for:		
Amortisation of intangible assets	1,738,295	-
Depreciation of tangible assets	101,719	5,091
Loss on disposal of tangible assets	260	-
Interest received	(120)	-
Taxation charge	109,356	11,183
(Increase)/decrease in debtors	(458,481)	96,378
(Increase) in amounts owed by groups	(1,504,985)	(489,067)
Increase/(decrease) in creditors	1,616,774	(470,352)
(Decrease)/increase in amounts owed to groups	(90,216)	411,706
Net cash generated from operating activities	501,040	(332,005)
Cash flows from investing activities		
Purchase of intangible fixed assets	(29,035)	-
Purchase of tangible fixed assets	(125,354)	(91,635)
Acquisition of subsidiary undertakings	(107,593,634)	-
Interest received	120	-
Net cash from investing activities	(107,747,903)	(91,635)
Cash flows from financing activities		
New loans from group companies	108,400,000	-
Net cash used in financing activities	108,400,000	-
Net increase/(decrease) in cash and cash equivalents	1,153,137	(423,640)
Cash and cash equivalents at beginning of year	572,376	996,016
Cash and cash equivalents at the end of year	1,725,513	572,376
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,725,513	572,376
	1,725,513	572,376

The notes on pages 13 to 34 form part of these financial statements.

MRI SOFTWARE LIMITED

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

1. General information

MRI Software Limited is a private company limited by shares, registered in England and Wales. The address of the registered office is Augustine House, 6a Austin Friars, London, EC2N 2HA. The company and the group's principal activity during the period under review continued to be that of the design, production and marketing of computer software. The company also acts as a holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

During the year the Group has acquired Estate Computer Systems (Holdings) Limited and Real Asset Management Group Limited as disclosed in note 15. The initial consideration of £108,400,000 has been financed by intercompany loans from its parent company, MRI Software LLC. In the next financial year deferred consideration of up to £13,000,000 is due and will also be financed by intercompany loans from its parent company.

The directors of the Company, and of the parent company, have confirmed the parent company will continue to provide its support by intercompany loans for the foreseeable future. Therefore, the accounts have been prepared on the going concern basis, the appropriateness of which relies on this continuing support.

MRI SOFTWARE LIMITED

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

2. Accounting policies (continued)

2.4 Revenue

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

Rendering of services

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

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

Licence turnover is recognised from the point at which the customer makes a commitment to purchase the product.

Income from development is recognised over the life of the contract in accordance with contractual milestones.

Income from trading and maintenance is recognised over the period for which the service is provided.

2.5 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 (10 to 20 years).

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.

2.6 Tangible fixed assets

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

MRI SOFTWARE LIMITED

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

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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

Depreciation is provided on the following bases:

Long-term leasehold property	- over the life of the lease
Motor vehicles	- 30% reducing balance
Office equipment	- 25-33% straight line and 25% reducing balance
Computer equipment	- 33% straight line

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 Consolidated Statement of Comprehensive Income.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 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.

2.9 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.10 Financial instruments

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

MRI SOFTWARE LIMITED

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

2. Accounting policies (continued)

2.10 Financial instruments (continued)

financed at a rate of interest that is not a market rate or in the 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.

2.11 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.

2.12 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 Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.13 Operating leases: the Group as lessee

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

MRI SOFTWARE LIMITED

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

2. Accounting policies (continued)

2.14 Pensions

Defined contribution pension plan

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

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

2.15 Interest income

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

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

MRI SOFTWARE LIMITED

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

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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 balance sheet date in the countries where the company and the Group operate and generate income.

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

- 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 balance sheet date.

2.18 Research and development

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

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

2.19 Dilapidations

A provision is made over the life of every lease for the dilapidation cost obligation which results from vacating the property.

MRI SOFTWARE LIMITED

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

2. Accounting policies (continued)

2.20 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or GCU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (GCUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

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

a) Critical judgements in applying the Group's accounting policies

No significant judgements have had to be made by the Group in preparing these financial statements.

b) Key accounting estimates and assumptions

The Group has made key assumptions regarding the useful economic life of intangible fixed assets and tangible fixed assets and this is further described in notes 2.4 and 2.5 of accounting policies.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Group, which continues to be that of the sales of software licences, development projects performed for clients and fees derived from installation, implementation, consultancy, training and maintenance.

A geographical analysis of turnover has not been provided as permitted by the Companies Act 2006.

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2017 £	2016 £
Depreciation	101,719	5,091
Amortisation	1,738,295	-
Exchange differences	22,383	(45,819)
Other operating lease rentals	310,390	-

MRI SOFTWARE LIMITED

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

6. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	<u>46,200</u>	<u>10,000</u>
Fees payable to the Group's auditor in respect of:		
All other services	<u>5,200</u>	<u>1,550</u>

7. Employees

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	6,484,333	1,356,279	1,370,397	1,356,279
Social security costs	689,414	162,394	160,348	162,394
Cost of defined contribution scheme	129,139	30,887	30,514	30,887
	<u>7,302,886</u>	<u>1,549,560</u>	<u>1,561,259</u>	<u>1,549,560</u>

Directors' remuneration for the year was £Nil (2017: £Nil).

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

	Group 2017 No.	Group 2016 No.	Company 2017 No.	Company 2016 No.
Management, sales and administration	<u>111</u>	<u>20</u>	<u>20</u>	<u>20</u>

8. Interest receivable

	2017 £	2016 £
Other interest receivable	<u>120</u>	<u>-</u>
	<u>120</u>	<u>-</u>

MRI SOFTWARE LIMITED

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

9. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	99,336	-
Adjustments in respect of previous periods	5,990	(10,681)
Total current tax	105,326	(10,681)
Deferred tax		
Origination and reversal of timing differences	4,030	21,864
Total deferred tax	4,030	21,864
Taxation on profit on ordinary activities	109,356	11,183

MRI SOFTWARE LIMITED

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

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - *lower than*) the standard rate of corporation tax in the UK of 19% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
(Loss)/profit on ordinary activities before tax	<u>(902,206)</u>	<u>114,239</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016 - 20%)	(171,419)	22,848
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	285,574	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8,379	1,031
Capital allowances for year in excess of depreciation	(2,380)	(21,864)
Utilisation of tax losses	(17,196)	-
Adjustment in research and development tax credit leading to a decrease in the tax charge	(10,723)	-
Group relief claimed	-	(2,015)
Unrelieved losses on foreign subsidiaries	31,070	-
Other differences leading to an increase / (decrease) in the tax charge	(24,657)	-
Difference in tax rates	688	-
Deferred tax charge	4,030	21,864
Tax charge relating to prior periods	5,990	(10,681)
Total tax charge for the year	<u><u>109,356</u></u>	<u><u>11,183</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

10. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent company for the year was £41,530 (2016 - £103,056).

MRI SOFTWARE LIMITED

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

11. Intangible assets

Group and Company

	Goodwill £
Cost	
Additions	116,580,474
Disposals	(253,247)
On acquisition of subsidiaries	9,474,200
At 31 December 2017	<u>125,801,427</u>
Amortisation	
Charge for the year	1,738,295
At 31 December 2017	<u>1,738,295</u>
Net book value	
At 31 December 2017	<u><u>124,063,132</u></u>
At 31 December 2016	<u><u>-</u></u>

MRI SOFTWARE LIMITED

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

12. Tangible fixed assets

Group

	Long-term leasehold property £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 January 2017	-	-	91,635	-	91,635
Additions	18,485	6,151	73,417	27,301	125,354
Acquisition of subsidiary	606,435	5,270	113,637	191,516	916,858
Disposals	-	-	(31,227)	-	(31,227)
Exchange adjustments	-	-	(1,063)	5,271	4,208
At 31 December 2017	624,920	11,421	246,399	224,088	1,106,828
Depreciation					
At 1 January 2017	-	-	5,091	-	5,091
Charge for the year on owned assets	9,837	433	64,340	27,109	101,719
Disposals	-	-	(30,954)	-	(30,954)
Exchange adjustments	-	-	(1,979)	4,920	2,941
At 31 December 2017	9,837	433	36,498	32,029	78,797
Net book value					
At 31 December 2017	615,083	10,988	209,901	192,059	1,028,031
At 31 December 2016	-	-	86,544	-	86,544

MRI SOFTWARE LIMITED

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

12. Tangible fixed assets (continued)

Company

	Office equipment £
Cost or valuation	
At 1 January 2017	91,635
Additions	70,785
At 31 December 2017	<u>162,420</u>
Depreciation	
At 1 January 2017	5,091
Charge for the year on owned assets	49,335
At 31 December 2017	<u>54,426</u>
Net book value	
At 31 December 2017	<u><u>107,994</u></u>
At 31 December 2016	<u><u>86,544</u></u>

MRI SOFTWARE LIMITED

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

13. Fixed asset investments

Group

Other fixed
asset
investments
£

Cost or valuation

On acquisition of subsidiaries

555,600

At 31 December 2017

555,600

Impairment

Impairment provision

555,600

At 31 December 2017

555,600

At 31 December 2017

-

At 31 December 2016

-

Company

Investments
in
subsidiary
companies
£

Cost or valuation

Additions

121,400,000

At 31 December 2017

121,400,000

Net book value

At 31 December 2017

121,400,000

At 31 December 2016

-

MRI SOFTWARE LIMITED

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

14. Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares Holding	Principal activity
Estate Computer Systems (Holdings) Limited (UK)	Ordinary 'A' and 'B' shares 100 %	Non-trading holding company.
Real Asset Management Group Limited (UK)	Ordinary shares 100 %	Non-trading holding company.
Real Asset Management Ltd (UK)	Ordinary 100 %	Design, production and marketing of computer software
Real Asset Management Inc. (United States of America)	Ordinary 100 %	Design, production and marketing of computer software
Real Asset Management Software Singapore PTE Ltd (Singapore)	Ordinary 100 %	Design, production and marketing of computer software
Real Asset Management Software PTY Ltd (Australia)	Ordinary 100 %	Design, production and marketing of computer software
Qube Global Software Limited (UK)	Ordinary 100 %	Sale of software licences, development projects performed for clients and fees derived from installation, implementation, consultancy, training and maintenance.
Qube Global Software Americas Limited (UK)	Ordinary 100 %	Sale of software licences, development projects performed for clients and fees derived from installation, implementation, consultancy, training and maintenance.
Qube Global Software Asia Pacific PTE Limited (Singapore)	Ordinary 99 %	Sale of software licences, development projects performed for clients and fees derived from installation, implementation, consultancy, training and maintenance.
Qube Global Software S.E. Asia Limited (Hong Kong)	Ordinary 99 %	Sale of software licences, development projects performed for clients and fees derived from installation, implementation, consultancy, training and maintenance.

MRI SOFTWARE LIMITED

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

15. Business combinations

On 2 October 2017 the Group acquired a 100% interest in Estate Computer Systems (Holdings) Limited and its subsidiary undertakings.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustment £	Fair value £
Fixed assets			
Tangible fixed assets	959,552	-	959,552
Intangible fixed assets and investments	8,483,170	-	8,483,170
Investments	555,600	(555,600)	-
	<u>9,998,322</u>	<u>(555,600)</u>	<u>9,442,722</u>
Current assets			
Debtors	5,845,664	-	5,845,664
Cash at bank and in hand	(522,943)	-	(522,943)
Total assets	<u>15,321,043</u>	<u>(555,600)</u>	<u>14,765,443</u>
Creditors	(11,881,949)	-	(11,881,949)
Total identifiable net assets	<u>3,439,094</u>	<u>(555,600)</u>	<u>2,883,494</u>
Goodwill			97,516,506
Total purchase consideration			<u>100,400,000</u>
Consideration split			
			£
Cash			90,400,000
Deferred consideration			10,000,000
Total purchase consideration			<u>100,400,000</u>

Acquisition costs (legal and professional fees) have been borne by the parent company, MRI Software LLC.

MRI SOFTWARE LIMITED

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

15. Business combinations (continued)
Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	90,400,000
Add: Bank overdrafts assumed	522,943
Net cash outflow on acquisition	90,922,943

The results of Estate Computer Systems (Holdings) Limited since its acquisition (up to 31 December 2017) are as follows:

	£
Turnover	6,655,749
Profit after tax	371,999

On 18 September 2017 the Group acquired a 100% interest in Real Asset Management Group Limited and its subsidiary undertakings.

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustment £	Fair value £
Fixed assets			
Tangible fixed assets	65,705	-	65,705
Intangible fixed assets	873,370	-	873,370
	<u>939,075</u>	<u>-</u>	<u>939,075</u>
Current assets			
Debtors	3,372,840	-	3,372,840
Cash at bank and in hand	1,329,309	-	1,329,309
Total assets	<u>5,641,224</u>	<u>-</u>	<u>5,641,224</u>
Creditors	(3,676,157)	-	(3,676,157)
Total identifiable net assets	<u>1,965,067</u>	<u>-</u>	<u>1,965,067</u>

MRI SOFTWARE LIMITED

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

15. Business combinations (continued)

	£
Total identifiable net assets	1,965,067
Goodwill	19,034,933
Total purchase consideration	21,000,000

Consideration split

	£
Cash	18,000,000
Deferred consideration	3,000,000
Total purchase consideration	21,000,000

Acquisition costs (legal and professional fees) have been borne by the parent company, MRI Software LLC.

Cash outflow on acquisition

	£
Purchase consideration settled in cash, as above	18,000,000
Less: Cash and cash equivalents acquired	(1,329,309)
Net cash outflow on acquisition	16,670,691

The results of Real Asset Management Group Limited since its acquisition (up to 31 December 2017) are as follows:

	£
Turnover	1,967,230
Profit after tax	31,288

MRI SOFTWARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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16. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	9,140,747	345,359	1,059,182	345,359
Amounts owed by group undertakings	1,994,052	489,067	584,214	489,067
Other debtors	318,173	-	-	-
Prepayments and accrued income	869,041	33,979	27,901	33,979
	12,322,013	868,405	1,671,297	868,405

17. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	1,725,513	572,376	30,929	572,376

18. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	554,543	28,882	80,222	28,882
Amounts owed to group undertakings	368,419	411,706	-	411,706
Corporation tax	297,554	-	11,966	-
Other taxation and social security	1,150,488	85,099	173,789	85,099
Other creditors	13,373,343	12,549	13,014,769	12,549
Accruals and deferred income	15,496,857	527,068	1,069,642	527,068
	31,241,204	1,065,304	14,350,388	1,065,304

MRI SOFTWARE LIMITED

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

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

	Group 2017 £	<i>Group 2016 £</i>	Company 2017 £	<i>Company 2016 £</i>
Amounts owed to group undertakings	95,695,096	-	95,695,096	-
	<u>95,695,096</u>	<u>-</u>	<u>95,695,096</u>	<u>-</u>

20. Financial instruments

	Group 2017 £	<i>Group 2016 £</i>	Company 2017 £	<i>Company 2016 £</i>
Financial liabilities				
Financial liabilities measured at amortised cost	95,695,096	-	95,695,096	-
	<u>95,695,096</u>	<u>-</u>	<u>95,695,096</u>	<u>-</u>

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings falling due after more than one year. The key assumptions made for the net present value calculations are an effective rate of interest of 5% and that the liability will be repaid over 5 years. As a result a net present value adjustment amounting to £12,657,595 has been recognised as a capital contribution to profit and loss reserves.

21. Deferred taxation

Group

	2017 £	2016 £
At beginning of year	17,309	(4,555)
Charged to profit or loss	4,030	21,864
On acquisition of subsidiaries	89,925	-
At end of year	<u><u>111,264</u></u>	<u><u>17,309</u></u>

MRI SOFTWARE LIMITED

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

21. Deferred taxation (continued)

Company

	2017 £	2016 £
At beginning of year	17,309	(4,555)
Charged to profit or loss	3,210	21,864
At end of year	20,519	17,309

The provision for deferred taxation is made up as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Accelerated capital allowances	111,264	17,309	20,519	17,309

22. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000

23. Pension commitments

The Group operates defined contributions pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the fund and amounted to £129,139 (2016: £30,887). Contributions totalling £91,776 (2016: £7,781) were payable to the fund at the balance sheet date and are included in other creditors.

MRI SOFTWARE LIMITED

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

24. Commitments under operating leases

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Not later than 1 year	1,063,275	-	236,177	-
Later than 1 year and not later than 5 years	4,246,057	-	687,061	-
Later than 5 years	6,083,750	-	-	-
	11,393,082	-	923,238	-

25. Related party transactions

During the year the Group incurred transfer pricing charges of £485,821 (2016: £1,113,316) from MRI Software LLC, the intermediate parent company. MRI Software LLC also financed the initial consideration due for the acquisition of subsidiaries amounting to £108,400,000 via intercompany loans. At the year-end, amounts of £96,063,895 (at amortised cost) were owed to MRI Software LLC (2016: £411,706) and amounts of £1,604,520 (2016: £Nil) were due from MRI Software LLC on various intercompany loan accounts accross the Group.

During the year the company recharged expenses of £Nil (2016: £483,884) to Cougar Software Limited, a subsidiary of MRI Intermediate Holdings LLC. At the year end, an amount of £389,532 (2016: £480,673) was due from MRI Software LLC in respect of transactions with Cougar Software Limited.

The company incurred expenses of £Nil (2016: £8,394) on behalf of Vaultware LLC, a subsidiary of MRI Intermediate Holdings LLC. At the year-end, an amount of £Nil (2016: £8,394) was owed Vaultware LLC.

Transactions with the company's subsidiaries have not been disclosed as the company has taken advantage of the exemption granted under FRS 102 'Related Party Disclosures' not to disclose transactions with subsidiaries on the grounds that the subsidiaries are wholly owned and the companies are included in the consolidated group financial statements.

26. Ultimate Parent Company

The company is a wholly owned subsidiary of MRI Software LLC, a limited liability company incorporated in Delaware, USA, the immediate parent company. The ultimate parent company is MRI Intermediate Holdings LLC, a limited liability company incorporated in Delaware, USA.