

Registered number: 03921897

CAUSEWAY TECHNOLOGIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



CAUSEWAY TECHNOLOGIES LIMITED

COMPANY INFORMATION

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

CAUSEWAY TECHNOLOGIES LIMITED

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CAUSEWAY TECHNOLOGIES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Principal activities

During the year under review the Company continued to consolidate its position as a leading provider of software for the Built Environment, serving 2,137 customers in 35 countries.

Business review and future developments

Financial Review

Causeway is in the third year of its transformation from a provider of traditionally licenced software and associated maintenance to software licenced based upon on Annual Recurring Revenue ("ARR") subscriptions. The normal minimum term for customer subscription contracts is 5 years and Causeway considers the growth in the lifetime value of these contracts ("LCV") as a key performance indicator; LCV equates to the annual value of a contract multiplied by its term.

At 31st December 2018 the total LCV of all contracts amounted to £57.7m, a 92% increase over the three-year transformation period.

At 31st December 2018 the value of ARR amounted to £22.4m, a 12% increase compared to prior year and a 45% increase from the £15.4m value in annual contracts at December 2015. The value of new ARR contracts booked in 2018 totalled £3.7m, £1.5m of which was recognised as revenue in the financial year. The deferred income arising from unrecognised portion of ARR contracts increased by £1.3m, representing the balance of invoiced (but unrecognised) revenue from new ARR booked in the period.

Importantly, the ARR recognised in 2018 represented 88% of total company revenue, providing a solid platform for stability and growth. The corresponding 66% decline in traditional one-off software licence fee revenues (down by £1.7m) is a further indicator of the transformational switch to an ARR model.

Overall revenue in 2018 increased by 7% to £24.8m, a very encouraging result given against the backdrop of the transformation from initial to annual software licencing.

Company EBITDA in the period amounted to £4.6m, an 18% increase compared to 2017 (£3.9m). Cash conversion amounted to £7.3m, representing 122% of EBITDA.

EBITDA would have been enhanced by £0.5m to £5.1m by excluding non-operational, non-recurring exceptional costs. In the prior year, if such similar costs are excluded, this adjusted EBITDA represents a 15% increase in the year versus 2017 (£4.5m).

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

Causeway Technologies Limited is in a group headed by Invesco Software Technologies Limited. In the prior year the group secured a £40.5m refinancing package which was led by Guggenheim Investments, who have provided £38m of new term facilities to date.

The Guggenheim facilities also incorporate headroom to support growth, with built-in capacity to raise a further £50m of incremental debt facilities and £20m of preference equity. These facilities provide the Group with a platform to accelerate growth both organically and through selective acquisitions. Two acquisitions (NJW Ltd and Donseed Ltd) were completed after the reporting period, which will provide significant growth opportunities going forward.

The Guggenheim facilities are represented in Invesco Technologies Holdings Limited, the holding company of the company's parent Causeway Software Solutions Limited.

CAUSEWAY TECHNOLOGIES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Financial Forecast

The acquisitions noted above coupled with the continuing transition to an ARR model is expected to see double digit revenue and EBITDA growth over the next 12 months. Management anticipate an increase in recognised ARR to +£30m for the period ending 31st December 2019 (81% of total revenue). This percentage is expected to increase in future periods as the acquired businesses are converted to an ARR model.

Given that recurring revenue now exceeds full year operating costs, all new ARR bookings (less adjustment for inflation and attrition) will directly correlate to improved EBITDA in subsequent years.

58% of the customer base has been converted to ARR subscriptions, with the remainder representing a significant opportunity to increase both ARR and LCV. The business will continue with this conversion and will increasingly derive further incremental revenue per customer as they migrate from on-premise software to the Causeway cloud platform.

Research and Development Current and Future

The incremental release of a self-service, multi-tenanted, Cloud platform continues. This platform embraces the three Built Environment operational areas of Plan, Deliver and Operate.

Causeway solutions help customers transform their 'front line' commercial performance in both procuring and delivering Capital Projects and maintaining and operating Infrastructure & Property built assets. All Causeway solutions are designed to integrate with customers' back office Financial Accounting software.

Human Resource

The senior leadership team has been significantly strengthened during the period, with the positions of Chief Technology Officer, Chief Marketing Officer and two Business Unit leaders. Further strengthening is underway to support the significant period of growth that is planned.

The directors strive to recruit and retain the best employees and to create a high level of employee engagement. Causeway's culture has been recognised externally, receiving 10 national awards and being selected as a finalist for 8 other awards in the last in the past 5 years. This includes awards for employee engagement, HR strategy, employee benefits and employee wellbeing.

CAUSEWAY TECHNOLOGIES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Principal risk and uncertainties

The key risks of the business are a possible decline in licence sales volume and attrition of the customer base that might arise due to adverse market conditions. The transition to long term subscription based contracts and a robust CRM sales process, continues to deliver growth in both sales volumes and customer numbers, ensuring that these risks are managed carefully. Contracted revenues provide a large element of the turnover (88% in 2018) and annually exceed operational costs, which helps to mitigate these risks. If there was a decline in sales, this allows management sufficient time to align costs and revenue and make strategic choices as required.

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

Credit risk

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

Liquidity risk

The Company manages its liquidity by monitoring the day to day cash flow needs of the business. The wider group uses bank loans to finance expansion opportunities and monitors cashflow forecasts to ensure that sufficient liquidity exists within the Group to settle liabilities as they fall due and ensure that covenant requirements are complied with.

Interest rate risk

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

Key financial performance indicators


Reference to key financial and non-financial performance indicators is made above, under "Business Review".

Environmental matters

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

The Company monitors its Carbon Footprint, and the draft report for 2018 shows a reduction in carbon dioxide equivalent of 11% from 2017. Carbon Credits will be used to support renewable energy projects.

This report was approved by the board on 24 May 2019 and signed on its behalf.


M Howell
Director

CAUSEWAY TECHNOLOGIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Results and dividends

The profit for the year, after taxation, amounted to £4,766,859 (2017: £5,834,464).

Total assets are £34.1m as at 31st December 2018 (2017: £25.7m) and the company continues to enjoy strong liquidity with cash reserves at £5.5m. Shareholder's funds increased to stand at £17.1m at the end of the year (2017: £12.35m).

The Directors are not recommending a dividend.

Directors

The directors who served during the year were:

P J Brown
P D Nagle
M Howell
G Disney May (appointed 1 April 2018)

Charitable contributions

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

During the year, the company made charitable donations of £3,478 (2017: £14,680) to the Causeway Foundation.

Post balance sheet events

On 7th January 2019 the company acquired 100% of the share capital of Simeio Limited for initial consideration of £5,042,446 and deferred consideration of £3,645,315.

On 24th January 2019 the company acquired 100% of the share capital of NJW Limited for initial consideration of £3,001,100 and deferred consideration of £5,000,000.

This was funded by additional debt financing of £10m in Invesco Technologies Holdings Limited, an intermediate holding company within the group.

Matters covered in the strategic report

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

CAUSEWAY TECHNOLOGIES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Directors' Responsibilities Statement

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

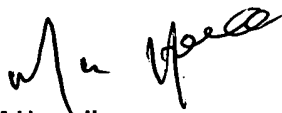
The directors confirm that:

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

Auditor

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

This report was approved by the board on 24 May 2019 and signed on its behalf.


M Howell
Director



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

Opinion

We have audited the financial statements of Causeway Technologies Limited (the 'company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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



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

Other information

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

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

We have nothing to report in this regard.

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

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

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

Matters on which we are required to report by exception

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

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



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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

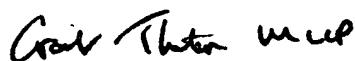
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's 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 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.



Amrish Shah BSc FCA

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

Date: 24 May 2019

CAUSEWAY TECHNOLOGIES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	3	24,792,524	23,120,265
Cost of sales		(5,509,825)	(5,058,176)
Gross profit		19,282,699	18,062,089
Exceptional administrative expenses		-	1,675,438
Other administrative expenses		(15,595,070)	(15,131,971)
Other operating income		22,594	33,898
Operating profit	6	3,710,223	4,639,454
Interest receivable and similar income	10	1,339,833	780,444
Interest payable and expenses	11	(341)	-
Profit before tax		5,049,715	5,419,898
Tax on profit	12	(282,856)	414,566
Profit for the financial year		4,766,859	5,834,464
Total comprehensive income for the year		4,766,859	5,834,464

The notes on pages 12 to 35 form part of these financial statements.

CAUSEWAY TECHNOLOGIES LIMITED
REGISTERED NUMBER:03921897

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	5,234,842	6,012,853
Tangible assets	14	234,794	240,006
Investments	15	2,079,914	3,943
		<u>7,549,550</u>	<u>6,256,802</u>
Current assets			
Stocks	16	44,778	52,677
Debtors	17	21,059,769	14,865,084
Cash at bank and in hand	18	5,549,926	4,543,132
		<u>26,654,473</u>	<u>19,460,893</u>
Creditors: amounts falling due within one year	19	(2,286,897)	(1,005,047)
Net current assets		<u>24,367,576</u>	<u>18,455,846</u>
Total assets less current liabilities		<u>31,917,126</u>	<u>24,712,648</u>
Creditors: amounts falling due after more than one year	20	(369,824)	-
Provisions for liabilities			
Deferred tax	23	(9,085)	(4,741)
		<u>(9,085)</u>	<u>(4,741)</u>
Accruals and deferred income	24	(14,421,353)	(12,357,902)
Net assets		<u><u>17,116,864</u></u>	<u><u>12,350,005</u></u>
Capital and reserves			
Called up share capital	26	11,200	11,200
Share premium account	25	5,340,800	5,340,800
Profit and loss account	25	11,764,864	6,998,005
		<u><u>17,116,864</u></u>	<u><u>12,350,005</u></u>

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


M Howell
 Director

24 May 2019

The accounting policies and notes on pages 12 to 35 form part of these financial statements.

CAUSEWAY TECHNOLOGIES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2017	11,200	5,340,800	1,163,541	6,515,541
Comprehensive income for the year				
Profit for the year	-	-	5,834,464	5,834,464
At 1 January 2018	11,200	5,340,800	6,998,005	12,350,005
Comprehensive income for the year				
Profit for the year	-	-	4,766,859	4,766,859
At 31 December 2018	11,200	5,340,800	11,764,864	17,116,864

The notes on pages 12 to 35 form part of these financial statements.

CAUSEWAY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies

1.1 General Information

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

1.2 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 2).

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

The following principal accounting policies have been applied:

1.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Invesco Software Holdings Limited as at 31 December 2018 and these financial statements may be obtained from Comino House, Furlong Road, Bourne End, Buckinghamshire, SL8 5AQ.

1.4 Going concern

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

CAUSEWAY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, valued added tax and other sales taxes.

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

Sale of goods and services

Revenue from the sale of services is recognised when all of the following conditions are satisfied:

- The company has transferred the significant risks and rewards of ownership to the buyer;
- The company retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the company will receive the consideration due under the transactions;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably;
- The stage of completion of the contract at the end of the reporting period can be accessed reliably.

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

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

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

CAUSEWAY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.6 Intangible assets

Goodwill

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

Software licences and trademarks

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

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

The estimated useful lives range as follows:

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

1.7 Tangible fixed assets

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

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

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

The estimated useful lives range as follows:

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

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

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

CAUSEWAY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.8 Operating leases: the company as lessee

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

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

1.9 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.10 Stocks

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

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

1.11 Debtors

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

1.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

CAUSEWAY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.13 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in 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.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

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

1.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

CAUSEWAY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.15 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

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

1.16 Finance costs

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

1.17 Pensions

Defined contribution pension plan

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

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

1.18 Short term employee benefits

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

CAUSEWAY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.19 Interest income

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

1.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

1.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

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

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

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

1.22 Exceptional items

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

1.23 Research and development

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

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

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

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

Depreciation and amortisation rates

The company depreciates or amortises its intangible and tangible fixed assets over their estimated useful lives, as more fully described in the accounting policies for Intangible and Tangible assets in section 1.6 and 1.7 above. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, developments in the wider business and maintenance programmes. Management believes that the assets have a long track record of stability and achievement and that there are high barriers to market entry. Management is committed to continue to invest in the intangible assets for the long term to maintain and enhance their value.

Impairment of non-financial assets

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

CAUSEWAY TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

3. Analysis of Turnover

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

	2018 £	2017 £
Annual licence support and development	<u>24,792,524</u>	<u>23,120,265</u>

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	23,390,662	21,443,324
Rest of the world	1,401,862	1,676,941
	<u>24,792,524</u>	<u>23,120,265</u>

4. EBITDA

	2018 £	2017 £
Reconciliation of EBITDA to profit before tax		
EBITDA	4,616,438	3,900,745
Interest receivable	1,339,833	780,444
Interest payable	(341)	-
Depreciation	(128,202)	(161,068)
Amortisation	(778,011)	(775,661)
Waiver of balance due to related party	-	1,675,438
Profit on ordinary activities before tax	<u>5,049,717</u>	<u>5,419,898</u>

5. Other operating income

	2018 £	2017 £
R&D tax credit	<u>22,594</u>	<u>33,898</u>

CAUSEWAY TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	128,202	161,068
Amortisation of intangible assets, including goodwill	(778,011)	775,661
Exchange differences	6,842	28,397
Other operating lease rentals - Land and Buildings	262,384	267,305
Exceptional Item - Waiver of balance due to related pay	-	(1,675,438)
Termination and redundancy pay	180,877	288,816
Other exceptional cost	316,651	(265,272)
	<u>128,202</u>	<u>(265,272)</u>

7. Auditor's remuneration

	2018 £	2017 £
Audit: the audit of the financial statements	57,900	48,680
Fees payable to the groups auditor in respect of:		
Taxation compliance services	8,961	14,707
Other taxation services	83,666	68,347
Accounts production	6,500	6,000
	<u>99,127</u>	<u>89,054</u>

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

CAUSEWAY TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

8. Employees

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

	2018 £	2017 £
Wages and salaries	9,000,987	8,738,737
Social security costs	999,123	1,037,244
Cost of defined contribution scheme	301,174	243,412
	<u>10,301,284</u>	<u>10,019,393</u>

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

	2018 No.	2017 No.
Employees	<u>137</u>	<u>138</u>

9. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	659,290	861,551
Directors' pension costs	11,283	9,167
	<u>670,573</u>	<u>870,718</u>

During the year retirement benefits were accruing to 2 directors (2017 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £430,583 (2017: £474,959) and pension contributions of £10,833 (2017: £9,167).

The Directors are considered to be the only Key Management personnel.

10. Interest receivable

	2018 £	2017 £
Interest receivable from group companies	1,309,880	768,094
Other interest receivable	29,953	12,350
	<u>1,339,833</u>	<u>780,444</u>

CAUSEWAY TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Interest payable and similar charges

	2018	2017
	£	£
Loans from group undertakings	341	-
	<u>341</u>	<u>-</u>

12. Taxation

	2018	2017
	£	£
Corporation tax		
Adjustments in respect of previous periods	278,512	(373,103)
	<u>278,512</u>	<u>(373,103)</u>
Total current tax	<u>278,512</u>	<u>(373,103)</u>
Deferred tax		
Origination and reversal of timing differences	4,344	(41,463)
	<u>4,344</u>	<u>(41,463)</u>
Total deferred tax	<u>4,344</u>	<u>(41,463)</u>
Taxation on profit/(loss) on ordinary activities	<u>282,856</u>	<u>(414,566)</u>

CAUSEWAY TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>5,049,715</u>	<u>5,419,898</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	959,446	1,043,144
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	29,028	10,582
Fixed asset differences	60,472	38,582
Other timing differences leading to an increase (decrease) in taxation	-	(6,525)
Income not taxable for tax purposes	-	(322,464)
Additional deduction for R&D expenditure	(562,070)	(535,545)
Credit in relation to R&D expenditure	1,007	8,080
Adjustment to tax charge in respect of prior periods	278,512	(373,103)
Deferred tax not recognised	170	(9,576)
Adjust closing deferred tax to average rate of 19%	(1,069)	(627)
Adjustments to losses	-	(1,119)
Adjust opening deferred tax to average rate of 19%	578	4,840
Group relief	(483,218)	(270,835)
Total tax charge for the year	<u><u>282,856</u></u>	<u><u>(414,566)</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

CAUSEWAY TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Intangible assets

	Software licences and trademarks £	Goodwill £	Total £
Cost			
At 1 January 2018	2,622,061	8,934,930	11,556,991
At 31 December 2018	<u>2,622,061</u>	<u>8,934,930</u>	<u>11,556,991</u>
Amortisation			
At 1 January 2018	1,216,774	4,327,364	5,544,138
Charge for the year	364,237	413,774	778,011
At 31 December 2018	<u>1,581,011</u>	<u>4,741,138</u>	<u>6,322,149</u>
Net book value			
At 31 December 2018	<u>1,041,050</u>	<u>4,193,792</u>	<u>5,234,842</u>
At 31 December 2017	<u>1,405,287</u>	<u>4,607,566</u>	<u>6,012,853</u>

CAUSEWAY TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. Tangible fixed assets

	Leasehold & refurb's £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2018	440,742	861,537	2,903,863	4,206,142
Additions	15,121	6,816	101,053	122,990
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	455,863	868,353	3,004,916	4,329,132
Depreciation				
At 1 January 2018	317,218	844,281	2,804,637	3,966,136
Charge for the year on owned assets	33,696	13,438	81,068	128,202
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	350,914	857,719	2,885,705	4,094,338
Net book value				
At 31 December 2018	<hr/> <hr/> 104,949	<hr/> <hr/> 10,634	<hr/> <hr/> 119,211	<hr/> <hr/> 234,794
<i>At 31 December 2017</i>	<hr/> <hr/> 123,524	<hr/> <hr/> 17,256	<hr/> <hr/> 99,226	<hr/> <hr/> 240,006

CAUSEWAY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

15. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2018	12,987
Additions	2,075,971
At 31 December 2018	<u>2,088,958</u>
Impairment	
At 1 January 2018	9,044
At 31 December 2018	<u>9,044</u>
Net book value	
At 31 December 2018	<u><u>2,079,914</u></u>
At 31 December 2017	<u><u>3,943</u></u>

On 23 July 2018, the company acquired 100% of the share capital of the BR Data Group, which comprises BR Data Limited, BR Network Limited, Enhanced BDM Limited and Project Locator Limited.

The consideration included cash of £686,816, loan notes of £369,824 and £1,019,331 relating to settlement of liabilities in the acquirees balance sheet.

CAUSEWAY TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Fixed asset investments (continued)**Subsidiary undertaking**

The following were subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Vixen Software Solutions Limited	Comino House, Furlong Road, Bourne End, Buckinghamshire, SL8 5AQ	Dormant	Ordinary	100%
Integrated FM Limited	Comino House, Furlong Road, Bourne End, Buckinghamshire, SL8 5AQ	Dormant	Ordinary	100%
BR Data Limited	2nd Floor Whatman House St Leonards Road, Allington, Maidstone, Kent, ME16 0LS	Holding company	Ordinary	100%
BR Network Limited*	2nd Floor Whatman House St Leonards Road, Allington, Maidstone, Kent, ME16 0LS	Provision of sub-contractor services	Ordinary	100%
Enhanced BDM Limited*	3rd Floor 207 Regent Street, London, W1B 3HH	Provision of sub-contractor services	Ordinary	100%
Project Locator Limited*	2nd Floor Whatman House St. Leonards Road, Allington, Maidstone, United Kingdom, ME16 0LS	Dormant	Ordinary	100%

* These entities are held by BR Data Limited.

All of the above subsidiary undertakings were incorporated in England and Wales.

CAUSEWAY TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. Stocks

	2018 £	2017 £
Raw materials and consumables	<u>44,778</u>	<u>52,677</u>

17. Debtors

	2018 £	2017 £
Trade debtors	3,196,338	2,178,710
Amounts owed by group undertakings	16,794,316	11,447,748
Amounts owed by related parties	96,393	142,428
Other debtors	114,664	57,175
Prepayments and accrued income	835,464	643,641
Tax recoverable	22,594	395,382
	<u>21,059,769</u>	<u>14,865,084</u>

An impairment loss of £185,209 (2017: £187,354) was recognised against trade debtors.

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

18. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>5,549,926</u>	<u>4,543,132</u>

CAUSEWAY TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

19. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	358,062	335,230
Amounts owed to group undertakings	1,209,657	800
Amounts owed to related parties	65,992	47,631
Other taxation and social security	499,347	450,751
Other creditors	153,839	170,635
	<u>2,286,897</u>	<u>1,005,047</u>

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

	2018 £	2017 £
Loan notes payable to related parties	<u>369,824</u>	<u>-</u>

The loan notes accrue interest at interest at 3% per annum on the principal. The loan notes are payable at maturity on 23 July 2024, and the accrued interest is payable on the repayment date. The loan notes are subordinated to bank loan in Invesco Technologies Holdings Limited.

21. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due after more than 5 years		
Loan notes payable to related parties	<u>369,824</u>	<u>-</u>

CAUSEWAY TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

22. Financial instruments

	2018 £	2017 £
Financial assets		
Cash at bank	5,549,926	4,543,132
Trade debtors	3,196,338	2,178,710
Other debtors	114,664	57,175
Amounts owed by group undertakings	16,794,316	11,447,748
Amounts owed by related parties	96,393	142,428
	<u>25,751,637</u>	<u>18,369,193</u>
Financial liabilities		
Trade creditors	358,062	335,230
Amounts owed to group undertakings	1,209,656	800
Amounts owed to related undertakings	65,991	47,631
Accruals	1,077,223	359,535
Other creditors	153,839	170,634
	<u>2,864,771</u>	<u>913,830</u>

23. Deferred taxation

	2018 £	2017 £
At beginning of year	(4,741)	(46,204)
Charged to profit or loss	(4,344)	41,463
	<u>(9,085)</u>	<u>(4,741)</u>

CAUSEWAY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

23. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(17,131)	(13,615)
Short term timing differences	6,843	7,671
Tax losses carried forward and other deductions	1,203	1,203
	<u>(9,085)</u>	<u>(4,741)</u>

24. Accruals and deferred income

	2018 £	2017 £
Less than one year	<u>14,421,353</u>	<u>12,357,902</u>

Deferred income of £13,344,131 (2017: £11,998,367) is included within accruals and deferred income. This balance comprises amounts received in advance with turnover deferred until the service has been provided.

25. Reserves

Share premium account

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

Profit and loss account

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

CAUSEWAY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

26. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
11,200,000 (2017 - 11,200,000) Ordinary shares of £0.001 each	11,200	11,200

27. Contingent liabilities

The company is party to a cross guarantee in respect of bank borrowings of Invesco Technologies Holdings Limited. The amount due to the bank as at 31 December 2018 is £38m (2017: £38m) and net of unamortised issue costs is £36,600,944 (2017: £36,591,434).

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

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

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

There were no other contingent liabilities at 31 December 2018 or 31 December 2017.

28. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension costs charge represents contributions payable by the group to the fund and amounted to £301,174 (2017: £243,412). Contributions totaling £40,249 (2017: £45,124) were payable to the fund at the reporting date and are included in creditors.

CAUSEWAY TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

29. Commitments under operating leases

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	174,390	89,177
Later than 1 year and not later than 5 years	211,728	120,662
	<u>386,118</u>	<u>209,839</u>

30. Related party transactions

During the year the company purchased services of £11,501 (2017: £141,873) from Powershift Media Limited, a company in which P J Brown and M Howell are directors. There was £13,801 (2017: £Nil) due to Powershift Media Limited at the year-end.

During the year the company incurred expenses of £12,490 (2017: £131,243) on behalf of Livestax Limited, a company in which P Brown and M Howell are directors. P D Nagle, P Brown and M Howell own 100% of the ordinary share capital of Livestax Limited. At the year end £96,394 (2017: £142,428) was owed by Livestax Limited to the company.

During the year the company purchase services of £499,676 (2017: £427,488) from Secura Hosting Ltd, a related party by virtue of common directors. At 31 December 2018 £Nil (2017: £47,631) was due to Secura Hosting Ltd.

During the year the company incurred expenses of £96,319 (2017: £1,456) on behalf of Harington's Salon Holding Limited, a related party by virtue of common directors. At 31 December 2018 £Nil (2017: £Nil) was due to Harington's Salon Holding Limited.

During the year the company made sales of £130,526 (2017: £15,724) to Donseed UK Limited, a related party by virtue of common directors. At the year end, £77,504 (2017: £4,641) was due to the company.

On 23 July 2018, Causeway Technologies Limited purchased the group headed by BR Data Limited for consideration of £2,075,971. Consideration included payments to related parties as follows. £165,496 in cash and £158,496 in loan notes to Philip Brown, £165,496 in cash and £158,496 in loan notes to P Nagle, £52,832 in cash and £52,832 in loan notes to M Howell. An outstanding loan of £425,000 was paid to Causeway Software Solutions Limited and £520,000 was paid in cash to PPFAB Services Limited, a company in which M Howell is a common director.

During the year the company incurred expenses of £Nil (2017: £607) on behalf of BR Data Limited. At 31 December 2018 £Nil (2017: £1,724) was due to the company.

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

CAUSEWAY TECHNOLOGIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

31. Controlling party

The ultimate parent undertaking of this company is Invesco Software Holdings Limited, a company incorporated in England & Wales.

The results of the group headed by Invesco Software Holdings Limited are consolidated and this is the largest and smallest of group undertakings for which group accounts are drawn up. Copies of the group financial statements of Invesco Software Holdings Limited can be obtained from Comino House, Furlong Road, Bourne End, Buckinghamshire, SL8 5AQ.

32. Post balance sheet events

On 7th January 2019 the company acquired 100% of the share capital of Simeio Limited for initial consideration of £5,042,446 and deferred consideration of £3,645,315.

On 24th January 2019 the company acquired 100% of the share capital of NJW Limited for initial consideration of £3,001,100 and deferred consideration of £5,000,000.

This was funded by additional debt financing of £10m in Invesco Technologies Holdings Limited, an intermediate holding company within the group.