

Company Registration No. 01024277 (England and Wales)

TOTAL SYSTEMS PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2018

taylorcocks

Abbey House
Hickleys Court
South Street
Farnham
GU9 7QQ

TOTAL SYSTEMS PLC

COMPANY INFORMATION

Directors	Mr A. Weber BSc (Hons) Mr P. Delaney FCA CTA Mr J. Bourne BSc (Hons) MBA Mr R. Collins MBA	(Appointed 17 January 2018) (Appointed 2 January 2018)
Secretary	Mr. P Jamieson B Com ACA	
Company number	01024277	
Registered office	394 City Road London EC1V 2QA	
Auditor	Taylorcocks Abbey House Hickleys Court South Street Farnham Surrey GU9 7QQ	
Business address	394 City Road London EC1V 2QA	

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STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report and financial statements for the year ended 31 March 2018.

Review of the business

The Company's principal activities during the year were the writing and supply of computer software with related consultancy support services.

Development and performance of the business

Turnover remained at a similar level to the previous year with an increase in net profit to £66,346 (2017: £40,584).

Product innovation and enhancement continued at a significant level with Research and Development spending of £720,010 (2017: £712,742) to ensure our products remain at the leading edge in terms of functionality and speed of processing without volume constraints.

Environmental and social

The Company is based at a single office in central London. Every care is taken to ensure that the Company operates in an environmentally friendly way within the limitations imposed by our location and the nature of our operations. In regard to its employees and the local community the Company allows employees time to take part in their own social responsibilities as necessary.

Future prospects

The Company's main products, Ultima and bluescape, have been developed for use by insurers, warranty providers, managing general agents or brokers, many of whom currently use IT systems lacking modern technological features. They need to update but are apprehensive about changing a system so central to their business. It is a major decision involving considerable research and forward planning so can take many months from initial enquiries before placing an order. Increasing interest is now being expressed in the flexibility and efficiency of our products and the signs are that the considerable investment we have made is starting to bring success. In the meantime, the balance sheet remains strong with significant cash resources which will enable the Company to counter the continuing economic uncertainty.

Key performance indicators (KPI's)

The Company uses a variety of KPI's in order to monitor business performance. The level of chargeable hours as a percentage of the total available gives an indication of efficiency being achieved on a weekly basis. Product development effort is also monitored and in addition monthly management accounts are produced with an updated forecast. Given the nature of the business the Board believes that these KPI's are sufficient to ensure that appropriate action can be taken as necessary.

Principal risks and uncertainties

Financial risk management

The Company's operations expose it to a number of financial risks including liquidity risk, interest rate risk, credit risk and capital management risk. There is no exposure to foreign currency risk. Exposures to risks are monitored by the Directors and where appropriate are discussed at the monthly board meetings. These risks are:

a) Liquidity risk

Due to the Company's strong cash position there is no need for external debt. The cash position is reviewed monthly in comparison to outstanding commitments to determine the amount of cash to be invested on call and those amounts that may be invested for various terms on the money market.

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STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

b) Interest rate profile

The Company has no financial assets other than sterling cash deposits which are invested at an approximate equivalent to the Bank of England base rate. At 31 March 2018 £602,704 (2017: £500,518) of bank balances were held in fixed interest deposits at current money market rates. The remainder was held in accounts which were subject to floating rates of interest.

c) Maturity of financial assets and liabilities

The maturity profile of the Company's financial assets and liabilities as at 31 March 2018 is given in note 13.

The main financial assets are cash and trade receivables. An analysis of cash is shown in (b) above. Although credit terms are contract specific no existing customer has credit terms exceeding 30 days from the invoice date.

The Company would normally expect that sufficient cash is generated in the operating cycle to meet cash flows through effective cash management. The Board is confident that the more than adequate cash resources combined with improving trading conditions will finance future growth and R&D.

d) Borrowing facilities

The Company had no borrowing facilities in place at 31 March 2018 or 31 March 2017.

e) Credit risk exposure

Credit risk arises from cash and cash equivalents, deposits with the company's bank, as well as credit exposures to customers, including outstanding receivables. Credit risk is highly concentrated as the company holds cash with one financial institution. There were trade receivables of £110,422 (2017: £35,993) past their due dates but no provisions are required. Although external credit ratings are not obtained for customers, Company policy is to assess the credit quality of each customer internally prior to any contract being signed or any work being undertaken. Internal checks are performed taking into account their financial position as well as their reputation within the industry and past experience. All potential customers' financial statements are reviewed and high risk customers are either rejected or mitigating measures implemented. Invoices are aged monthly and customers with any overdue invoices are contacted to arrange for payment.

The Company's maximum exposure to credit risk relating to its financial assets is equivalent to their carrying value as disclosed in note 13. All financial assets have a fair value which is equal to their carrying value.

Capital Management

The Company's objectives when managing capital are:

a) To safeguard the company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

b) To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may buy back shares, adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to increase cash balances.

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STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Other principal risks to the business

The Board considers that the other principal risks to the business are as follows:

a) Market conditions

Close working relationships are maintained with both the Company's suppliers and customers in order to monitor market and technology changes. The Directors continually monitor other markets and products that are complementary to the Company's business model and that can be added to the Company's portfolio of products. Economic and interest rate changes are also monitored in relation to the impact they will have on the market conditions for the Company.

b) Product risk

If we do not anticipate and respond to customer demands as a result of technological advances we may lose market share and our competitiveness may reduce. In order to mitigate against the risk of technological obsolescence the Company continues to innovate with release of new products and the frequent updating of existing products. We also endeavour to work closely with customers in our product development efforts, to help ensure their relevance and acceptability in our target markets.

c) Intellectual property

The Company always takes prompt action where any breach of its Intellectual Property Rights is suspected and where appropriate takes immediate legal action to protect its position.

d) Destruction of sole office

A detailed Disaster Recovery Plan is in force and reviewed annually for such an event occurring. All members of staff are able to work from their home base on a continuous basis. Appropriate insurance cover is maintained. A business continuity plan is in force and business interruption insurance cover is held.

e) Destruction of computer systems

We have a disaster recovery contract to provide back up for such an eventuality.

On behalf of the board

Mr P. Delaney FCA CTA

Director

22 August 2018

TOTAL SYSTEMS PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018. The registered number of the company is 01024277.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr T. Bourne	(Deceased 1 November 2017)
Mr A. Weber BSc (Hons)	
Mr P. Delaney FCA CTA	
Mr J. Bourne BSc (Hons) MBA	(Appointed 17 January 2018)
Mr R. Collins MBA	(Appointed 2 January 2018)

Auditor

In accordance with the company's Articles of Association a resolution to appoint Taylorcocks will be proposed at the forthcoming Annual General Meeting.

Strategic report

In accordance with Section 414C (11) of the Companies Act 2005 (Strategic Report and Directors' Report) Regulations 2013, the Directors have set out in the Company's Strategic Report on page 1, such information as required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Share capital and control structure

The information in this section is given pursuant to section 992 of the Companies Act and is correct as at 31 March 2018.

The Company's authorised share capital was £5,000,000 divided into 100,000,000 ordinary shares of 5p each and there were 9,072,091 ordinary shares in issue.

The rights and obligations attaching to the Company's ordinary shares, in addition to those conferred on their holders by law, are set out in the Company's Articles of Association, a copy of which can be obtained by writing to the Company Secretary, or from Companies House in the UK. The holders of ordinary shares are entitled to receive the Company's report and accounts, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights. Changes to the Company's Articles of Association must be approved by special resolution of the Company. In the event of change of control of the Company as the result of a takeover bid, options under the Company's share schemes may become exercisable immediately.

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DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Indemnities

Throughout the year and as at the date of this report, the Articles of Association contained a provision for the benefit of Directors and Officers of the Group indemnifying them out of the assets of the Company to the full extent allowed by law against liabilities incurred by them in the course of carrying out their duties.

Employees

The company continues to employ people of various races and religions. Within existing legislation, all persons, including those who are disabled, are treated similarly in matters of employment, training, career progression and promotion.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

On behalf of the board

Mr P. Delaney FCA CTA

Director

22 August 2018