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COMPANIES HOUSE

Patsystems (UK) Limited

Directors' report and financial statements for the year ended
31 December 2013

Patsystems (UK) Limited

Registered No: 3086310

Directors

S. Oliviero

C. Clinch (appointed 3 June 2014)

K. Grehan (appointed 23 April 2013, resigned 3 June 2014)

H. Banton (resigned 13 August 2013)

M. Thorneycroft (resigned 20 February 2013)

Secretary

L. Sayers (ceased 6 September 2013)

A. Woods (appointed 6 September 2013)

Auditor

Ernst & Young,
Chartered Accountants,
Ernst & Young Building,
Harcourt Centre,
Harcourt Street,
Dublin 2,
Ireland.

Registered office

Level 26,
30 St Mary Axe,
London,
EC3A 8EP.

Bankers

Barclays Bank plc,
1 Churchill Place,
London,
E14 5HP.

Strategic report

The directors present their strategic report on the company for the year ended 31 December 2013.

Results and dividends

The profit on ordinary activities before taxation for the year amounted to £3,123,957 (2012: loss of £908,885). After a tax charge of £1,252,989 (2012: £363,904), the net profit after taxation for the year amounted to £1,870,968 (2012: loss of £1,272,789). No dividends were declared for either year and, accordingly, these amounts were taken to reserves.

Principal activity and review of the business

The principal activity of the company is the development, distribution and support of software enabling electronic trading of financial products on global trading exchanges.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

Future developments

The company will continue to be a supplier of computer software and related development and consulting services.

Principal risks and uncertainties

The principal risks and uncertainties which the company faces are:

- The company currently derives most of its revenue from a limited number of products. As a result, a reduction in demand for, or sales of, these products would have a material adverse effect on the company's business, financial condition and operating results;
- Potential defects in the company's products or failure to provide services for the company's customers could cause the company's revenue to decrease, cause the company to lose customers and damage the company's reputation;
- The company has a limited ability to protect its intellectual property rights, and others could obtain and use the company's technology without authorisation;
- The company may be exposed to significant liability if it infringes the intellectual property or proprietary rights of others.

The company has insurances, business policies and organisational structures to limit these risks and uncertainties. The board of directors and management regularly review, reassess and proactively limit the associated risks.

On behalf of the board

C. Clinch
Director



Date: 15 January 2015

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2013.

Directors

The directors who served the company during the year, and up to the date of approval of the financial statements, were as follows:

S. Oliviero	
C. Clinch	(appointed 3 June 2014)
K. Grehan	(appointed 23 April 2013, resigned 3 June 2014)
H. Banton	(resigned 13 August 2013)
M. Thorneycroft	(resigned 20 February 2013)

There are no directors' interests requiring disclosure under the Companies Act 2006.

Disclosure of information to the 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, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' Responsibilities Statement

The directors are responsible for preparing 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). 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 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.

Going concern

The financial statements have been prepared on a going concern basis because a fellow group undertaking has agreed not to call on amounts due from the Company until such time as it has adequate funds to settle its liabilities, for at least twelve months from the date of approval of the financial statements.

Directors' report (continued)

Events since the balance sheet date

As disclosed in note 21, a new term loan facility was accorded by UBS Securities LLC to a fellow subsidiary undertaking during June 2014, resulting in a charge over the assets of the company and over those of certain fellow subsidiary undertakings.

Auditor

The auditor, Ernst & Young, Chartered Accountants, have indicated their willingness to continue in office.

The directors dispensed with the requirement to hold an Annual General Meeting and to appoint auditors annually as the company is a wholly owned subsidiary.

On behalf of the board

C. Clinch
Director



Date: 15 January 2015

Independent auditor's report to the members of Patsystems (UK) Limited

We have audited the financial statements of Patsystems (UK) Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or material inconsistent with, the knowledge acquired by us in performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

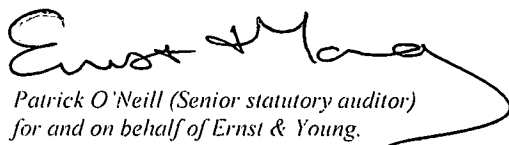
Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; 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.



Patrick O'Neill (Senior statutory auditor)
for and on behalf of Ernst & Young.
Chartered Accountants, Statutory Auditor
Dublin

16 January 2015

Profit and loss account

for the year ended 31 December 2013

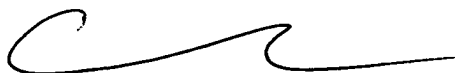
	Notes	2013 £	2012 £
Turnover - continuing	2	5,064,429	4,780,224
Cost of sales		(438,384)	(565,935)
Gross profit		4,626,045	4,214,289
Administrative expenses		(5,817,663)	(9,731,450)
Other income		4,376,222	4,607,033
Operating profit/(loss) - continuing	3	3,184,604	(910,128)
Interest receivable and other income	6	162	1,243
Interest payable and similar charges	7	(60,809)	–
Profit/(loss) on ordinary activities before taxation		3,123,957	(908,885)
Tax charge on profit/(loss) on ordinary activities	8	(1,252,989)	(363,904)
Profit/(loss) for the financial year		1,870,968	(1,272,789)

There were no recognised gains or losses in either year other than the profit/(loss) attributable to shareholders of the company.

Balance sheet at 31 December 2013

	Notes	2013 £	2012 £
Assets employed			
Fixed assets			
Intangible assets	9	17,446	57,534
Tangible assets	10	465,142	295,877
		<u>482,588</u>	<u>353,411</u>
Current assets			
Debtors	11	16,855,532	13,327,748
Cash at bank and in hand		439,109	326,943
		<u>17,294,641</u>	<u>13,654,691</u>
Creditors: amounts falling due within one year	12	<u>(1,920,595)</u>	<u>(4,208,491)</u>
Net current assets		<u>15,374,046</u>	<u>9,446,200</u>
Total assets less current liabilities		15,856,634	9,799,611
Creditors: amounts falling due after more than one year	13	(32,636,184)	(28,372,129)
Provisions: amounts falling due after more than one year	14, 3a)	<u>(909,743)</u>	<u>(987,743)</u>
Total net liabilities		<u>(17,689,293)</u>	<u>(19,560,261)</u>
Financed by			
Capital and reserves			
Called up share capital	17	1,874	1,874
Share premium account	18	3,961,366	3,961,366
Profit and loss account	18	<u>(21,652,533)</u>	<u>(23,523,501)</u>
Total shareholders' funds (deficit)	18	<u>(17,689,293)</u>	<u>(19,560,261)</u>

C. Clinch
Director:



Date: 15 January 2015

Company registration number: 3086310

Notes to the financial statements

31 December 2013

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with Generally Accepted Accounting Practice in the United Kingdom (UK GAAP).

The financial statements have been prepared on a going concern basis because a fellow group undertaking has agreed not to call on amounts due from the Company until such time as it has adequate funds to settle its liabilities, for at least twelve months from the date of approval of the financial statements.

Statement of cash flows

Financial Reporting Standard No. 1 (revised 1996) 'Cash Flow Statements' exempts subsidiary undertakings from the requirement to prepare a cash flow statement where 90% or more of the voting rights are controlled by a group that prepares publicly available consolidated financial statements in which the subsidiary undertaking's results are included. The company has availed of this exemption.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is recognised over the period of the related sales agreement. Revenues pursuant to professional service contracts are recognised in accordance with performance.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost or valuation less accumulated depreciation. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Leasehold improvements	-	Period of lease
Computer equipment	-	33% per annum
Fixtures and fittings	-	25% per annum

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Taxation

Current corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted for the financial year.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax in the future, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Timing differences are differences between profit/(loss) as computed for taxation purposes and taxation as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account as they are incurred.

Notes to the financial statements

31 December 2013 (Continued)

1. Accounting policies (Continued)

Foreign currencies

The financial statements are expressed in pounds sterling (£), the functional currency of the company. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at fixed contractual rates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, as appropriate, at fixed contractual rates. All differences are taken to the profit and loss account.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Intangible fixed assets and amortisation

Intangible fixed assets purchased are capitalised at cost and amortised through the profit and loss account over the estimated useful life of the assets at a rate determined in accordance with the nature of the asset purchased. The carrying value of intangible assets is reviewed for impairment at the end of each period if events or changes in circumstances indicate that the carrying value may not be recoverable. Indicators, such as persistent operating losses, negative cash flows, significant fall in an asset's market value and physical damage to, or obsolescence of, an asset are monitored and provision is made for any impairment.

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Software/licenses	- 33% straight line
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Research and development

Research and development expenditure is written off as incurred.

2. Turnover

The total turnover of the company for the year is stated net of VAT and has been derived from its continuing principal activity wholly undertaken in the United Kingdom.

A split of turnover earned on a geographic basis would be considered seriously prejudicial to the company and hence has not been disclosed in accordance with Schedule 1 Part 3 Section 68(5) of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Notes to the financial statements

31 December 2013 (Continued)

5. Directors' emoluments

	2013 £	2012 £
Emoluments	<u>235,818</u>	<u>497,670</u>
Value of company pension contributions to money purchase schemes	<u>2,369</u>	<u>35,425</u>

	2013 No.	2012 No.
Members of money purchase pension schemes	<u>2</u>	<u>3</u>

The amounts in respect of the highest paid director are as follows:

	2013 £	2012 £
Emoluments	<u>219,430</u>	<u>237,613</u>
Value of company pension contributions to money purchase schemes	<u>1,594</u>	<u>16,142</u>

6. Interest receivable and other income

	2013 £	2012 £
Bank interest receivable	<u>162</u>	<u>1,243</u>

7. Interest payable and similar charges

	2013 £	2012 £
Interest on amounts owed to group undertakings	<u>60,809</u>	<u>–</u>

8. Taxation

(a) Tax on profit/(loss) on ordinary activities	2013 £	2012 £
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The tax charge is made up as follows:

	2013 £	2012 £
<i>Current tax:</i>		
UK corporation tax	25	8,841
Prior year under provision	<u>305</u>	<u>–</u>
Total current tax (note 8 (b))	330	8,841
<i>Deferred tax:</i>		
Origination and reversal of timing differences	596,493	(90,943)
Effect of changes in tax rate on opening asset	<u>656,166</u>	<u>446,006</u>
Tax on profit/(loss) on ordinary activities	<u>1,252,989</u>	<u>363,904</u>

Notes to the financial statements

31 December 2013 (Continued)

8. Taxation (Continued)

(b) Factors affecting current tax charge

The actual tax charge differs from that computed using the standard rate of tax in the United Kingdom.

The differences are reconciled as follows:

	2013 £	2012 £
Profit/(loss) on ordinary activities before taxation	3,123,957	(908,885)
Profit/(loss) on ordinary activities multiplied by standard rate of tax 23.25% (2012: 24.5%)	726,320	(222,677)
Effects of:		
Depreciation in excess of capital allowances	45,868	–
Other timing differences	(86,050)	–
Expenses not deductible	279	129,641
Utilisation of brought forward tax losses	(686,392)	–
Group relief claimed	–	95,188
Withholding tax	–	8,841
Relief claimed on withholding tax	–	(2,152)
Prior year under provision	305	–
Total current tax (note 8 (a))	330	8,841

(c) Deferred tax asset included in the balance sheet is as follows:

	2013 £	2012 £
Depreciation less than capital allowances	781,731	859,306
Other timing differences	23,769	65,253
Tax losses carried forward and other deductions	2,972,451	4,106,051
At 31 December (note 11)	3,777,951	5,030,610

(d) Factors affecting future tax charge

Changes to the corporation tax system enacted in Finance Act 2012 provided a reduction in the UK tax rate from 24% to 23% effective from 1 April 2013.

Finance Act 2013 provided for a further reduction from 23% to 21% from 1 April 2014 and from 21% to 20% from 1 April 2015.

The deferred tax asset being carried at 31 December 2013 has been recognised at the 20% rate.

Notes to the financial statements

31 December 2013 (Continued)

9. Intangible fixed assets

	<i>Software / licences</i> £
Cost:	
At 1 January 2013	316,999
Disposals	(4,765)
At 31 December 2013	<u>312,234</u>
Amortisation:	
At 1 January 2013	259,465
Amortised during the year	35,323
At 31 December 2013	<u>294,788</u>
Net book value:	
At 31 December 2013	<u>17,446</u>
At 1 January 2013	<u>57,534</u>

10. Tangible fixed assets

	<i>Leasehold improvements</i> £	<i>Computer equipment</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
Cost:				
At 1 January 2013	105,614	876,913	120,471	1,102,998
Additions in the year	210,085	148,641	7,608	366,334
At 31 December 2013	<u>315,699</u>	<u>1,025,554</u>	<u>128,079</u>	<u>1,469,332</u>
Depreciation:				
At 1 January 2013	70,120	623,960	113,041	807,121
Depreciation during the year	33,933	156,029	7,107	197,069
At 31 December 2013	<u>104,053</u>	<u>779,989</u>	<u>120,148</u>	<u>1,004,190</u>
Net book value:				
At 31 December 2013	<u>211,646</u>	<u>245,565</u>	<u>7,931</u>	<u>465,142</u>
At 1 January 2013	<u>35,494</u>	<u>252,953</u>	<u>7,430</u>	<u>295,877</u>

11. Debtors: amounts falling due within one year

	<i>2013</i> £	<i>2012</i> £
Trade debtors	2,095,805	1,145,002
Amounts owed from group undertakings	10,638,963	6,317,980
Deferred tax (note 8)	3,777,951	5,030,610
Other debtors	–	242,908
Prepayments and accrued income	342,813	591,248
	<u>16,855,532</u>	<u>13,327,748</u>

Notes to the financial statements

31 December 2013 (Continued)

12. Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	183,384	431,616
Amounts owed to fellow subsidiary undertaking	–	2,190,907
Other taxation and social security	110,001	312,940
Accruals and deferred income	1,627,210	1,273,028
	<u>1,920,595</u>	<u>4,208,491</u>

13. Creditors: amounts falling due after more than one year

	2013 £	2012 £
Amounts owed to group undertakings	<u>32,636,184</u>	<u>28,372,129</u>

Amounts owed to group undertakings are unsecured and interest free.

14. Provisions: amounts falling due after more than one year

	At 1 January 2013 £	Movement in year £	At 31 December 2013 £
Dilapidations provision	78,000	(78,000)	–
Customer provision	909,743	–	909,743
At 31 December 2013	<u>987,743</u>	<u>(78,000)</u>	<u>909,743</u>

The dilapidations provision was in respect of work to be carried out at the end of the lease on property at Riverside House. This lease, which was due to expire in 2014, was terminated during 2013.

See note 3(a) for description of customer provision.

15. Pensions

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £212,841 (2012: £519,306). Contributions totalling £43,845 (2012: £40,976) were payable to the fund at the year end.

16. Commitments under operating leases

Operating lease payments amounting to £Nil (2012: £49,860) are due within one year. The leases to which these amounts relate expire as follows:

	2013 £	2012 £
Land and buildings	–	31,205
Equipment	–	18,655
	<u>–</u>	<u>49,860</u>

As per note 14, the land and buildings lease terminated during 2013.

Notes to the financial statements

31 December 2013 (Continued)

17. Share capital

<i>Authorised</i>	<i>2013</i>		<i>2012</i>	
	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of 1p each	10,000,000	<u>100,000</u>	10,000,000	<u>100,000</u>
<i>Allotted and called up</i>				
	<i>2013</i>		<i>2012</i>	
	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of 1p each	187,432	<u>1,874</u>	187,432	<u>1,874</u>

18. Reconciliation of shareholders' funds (deficit) and movement on reserves

	<i>Share capital</i>	<i>Share premium</i>	<i>Profit and loss</i>	<i>Total share-</i>
	<i>£</i>	<i>account</i>	<i>account</i>	<i>holders' funds</i>
		<i>£</i>	<i>£</i>	<i>(deficit)</i>
				<i>£</i>
At 1 January 2012	1,874	3,961,366	(22,250,712)	(18,287,472)
Loss for the year	–	–	(1,272,789)	(1,272,789)
At 31 December 2012	<u>1,874</u>	<u>3,961,366</u>	<u>(23,523,501)</u>	<u>(19,560,261)</u>
Profit for the year	–	–	1,870,968	1,870,968
At 31 December 2013	<u>1,874</u>	<u>3,961,366</u>	<u>(21,652,533)</u>	<u>(17,689,293)</u>

19. Related party transactions

2012 revenue includes £328,000 in respect of Banca Caboto Spa (London Branch), a member of a Group of companies which include CAI (Suisse), a shareholder of the Company until January 2012. At 31 December 2012 the amount owing to Group companies by Banca Caboto Spa (London Branch) was £23,485.

The company has availed of the exemption provided in Financial Reporting Standard Number 8 "Related Party Disclosures" for wholly owned subsidiary undertakings from the requirements to give details of transactions with entities that are part of the group or investees of the group qualifying as related parties.

20. Controlling parties and parent company

The immediate parent undertaking and controlling party is Patsystems Holdings Limited, a company incorporated in England.

The parent undertaking of the smallest and largest group of undertakings for which consolidated financial statements are prepared and of which the company is a member is ION Investment Group Limited, a company incorporated in the Republic of Ireland. Copies of consolidated financial statements are available from the Companies Registration Office, Parnell Square, Dublin 1, Ireland.

The company's ultimate parent undertaking is ITT S.à.r.l., a company incorporated in Luxembourg. At the year end, Mr A. Pignataro owned indirectly 97.26% (2012: 97.26%) of ITT S.à.r.l.

Notes to the financial statements

31 December 2013 (Continued)

21. Events since the balance sheet date

As part of a restructuring in June 2014, a fellow subsidiary undertaking refinanced the debt it had drawn down in May 2013 with a new facility accorded by UBS Securities LLC, resulting in a charge over the assets of the company and over those of certain fellow subsidiary undertakings.

22. Board approval

The Board of Directors approved and authorised for issue the financial statements in respect of the year ended 31 December 2013 on 15 January 2015.