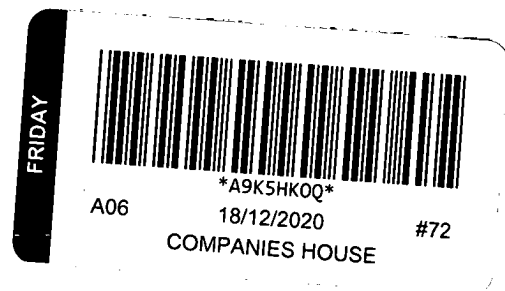


Patsystems (UK) Limited

Strategic report, directors' report and financial statements for
the financial year ended 31 December 2019



**STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the financial year ended 31 December 2019**

TABLE OF CONTENTS	PAGE
COMPANY INFORMATION	2
STRATEGIC REPORT	3
DIRECTORS' REPORT	4
INDEPENDENT AUDITOR'S REPORT	6
STATEMENT OF COMPREHENSIVE INCOME	9
STATEMENT OF FINANCIAL POSITION	10
STATEMENT OF CHANGES IN EQUITY	11
NOTES TO THE FINANCIAL STATEMENTS	12

PATSYSTEMS (UK) LIMITED

COMPANY INFORMATION

DIRECTORS	S. Oliviero (Italian) C. Clinch (Irish)
SECRETARY	A. Woods (Australian)
REGISTERED OFFICE	10 Queen Street Place London, EC4R 1BE, United Kingdom.
REGISTERED NUMBER OF INCORPORATION	3086310
AUDITOR	Ernst & Young, Chartered Accountants, Ernst & Young Building, Harcourt Centre, Harcourt Street, Dublin 2, Ireland.
BANKER	Barclays Bank plc, 1 Churchill Place, London, E14 5HP, United Kingdom.

STRATEGIC REPORT

for the financial year ended 31 December 2019

The directors present herewith their strategic report and audited financial statements for Patsystems (UK) Limited (the "Company") for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

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

Financial Performance Indicators

The Company's key measures of financial performance are Revenue, Profit on Ordinary Activities after Taxation, and Net Cash Flow.

Revenue

The Company's total revenue was £5.81 million in 2019 and £5.90 million in 2018. The decrease in total revenue for 2019 as compared to 2018 is approximately £0.09 million or 1.5%.

Profit on Ordinary Activities after Taxation

Profit on ordinary activities after taxation was £6.31 million in 2019, and £2.30 million in 2018. The increase for 2019 as compared to 2018 is £4.01 million or 174.35%.

Net Cash Flow

The Company's cash balance decreased by £0.72 million in 2019 compared to a decrease of £0.54 million in 2018.

DIVIDENDS

The dividend paid in 2019 was £Nil (2018: £Nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties which the Company faces are:

- 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; and
- 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 Directors



C. CLINCH
Director

Date: 12th November 2020

DIRECTORS' REPORT

for the financial year ended 31 December 2019

The directors present herewith their report and audited financial statements ("financial statements") for the financial year ended 31 December 2019.

DIRECTORS AND THEIR INTERESTS

The names of the directors who served at any time during the financial year are as listed on page 2.

The interests of the directors and Company Secretary in shares of the Company or other group companies are set out in note 18 to the financial statements.

RESEARCH AND DEVELOPMENT

Research and development is concentrated on the development of solutions for trading, trade processing and related middleware. The capitalised development costs are shown in note 10.

EVENTS SINCE THE STATEMENT OF FINANCIAL POSITION DATE

Subsequent to the year end, the COVID-19 outbreak developed rapidly, which is causing economic disruptions in most countries. Various measures have been taken by Governments around the world to contain the virus which have had a significant impact on global economic activity.

The principal activity of the Company is the development, distribution and support of software enabling electronic trading of financial products on global trading exchanges and as such a significant proportion of our projects can be performed remotely. The Company has moved to remote working arrangements which are running smoothly, to ensure the safety of our staff and to enable our business to operate with minimal impact.

A significant portion of revenue is driven from multi-year contracts with customers with the services provided being critical to our customers' operations, hence limited immediate impact is expected on the Company's revenue stream. Given the nature of the outbreak and the on-going developments, at this time it is not possible to estimate the overall future impact to the Company.

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 they are obliged to take as a director in order to make themselves 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 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 FRS 101 (Reduced Disclosure Framework). 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 the affairs of the Company as at the financial year end date and of the profit or loss of the Company for the financial year.

DIRECTORS' REPORT

for the financial year ended 31 December 2019 (Continued)

DIRECTORS' RESPONSIBILITIES STATEMENT (Continued)

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

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

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

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.

GOING CONCERN

At the time of approving the financial statements, the directors have considered the circumstances of the Company and the board consider it reasonable to adopt the going concern basis in preparing the financial statements.

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 an auditor annually as the Company is a wholly owned subsidiary.

On behalf of the Directors



G. CLINCH
Director

Date: 12th November 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATSYSTEMS (UK) LIMITED

Opinion

We have audited the financial statements of Patsystems (UK) Limited (the "Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 20, 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 FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 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 below. 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 were:

- 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.

Continued.../



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATSYSTEMS (UK) LIMITED (Continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept; 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.

Continued.../



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PATSYSTEMS (UK) LIMITED (Continued)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 and 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 <https://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.

A handwritten signature in black ink, appearing to read 'Dermot Quinn', with a long horizontal line extending from the end of the signature.

Dermot Quinn (Senior statutory auditor)
for and on behalf of Ernst & Young, Statutory Auditor
Dublin

Date: 16 November 2020

STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2019

	<i>Note</i>	2019 £	2018 £
Revenue	2	5,810,097	5,895,406
General and administrative expenses		(2,310,558)	(3,512,172)
Operating profit	3	3,499,539	2,383,234
Finance income	7	353,041	230,866
Finance expenses	8	(1,674)	(46,782)
Other income	3	2,455,189	-
Profit on ordinary activities before taxation		6,306,095	2,567,318
Tax on profit on ordinary activities	9	(650)	(266,960)
Profit for the financial year		6,305,445	2,300,358
Other comprehensive income		-	-
Total comprehensive income		6,305,445	2,300,358

STATEMENT OF FINANCIAL POSITION
at 31 December 2019

	Note	2019 £	2018 £
NON-CURRENT ASSETS			
Intangible assets	10	1,989,729	2,540,567
Fixed assets	11	-	-
Deferred tax asset	9	269,154	272,357
		<u>2,258,883</u>	<u>2,812,924</u>
CURRENT ASSETS			
Debtors – amounts falling due within one year	12	28,270,792	23,917,280
Cash at bank and in hand		920,396	201,926
		<u>29,191,188</u>	<u>24,119,206</u>
CREDITORS – amounts falling due within one year	13	(7,618,017)	(9,405,521)
NET CURRENT ASSETS		<u>21,573,171</u>	<u>14,713,685</u>
NET ASSETS		<u>23,832,054</u>	<u>17,526,609</u>
CAPITAL AND RESERVES			
Called up share capital presented as equity	15	1,874	1,874
Share premium	15	3,961,366	3,961,366
Capital reserves		53,631	53,631
Retained earnings		19,815,183	13,509,738
SHAREHOLDERS' FUNDS		<u>23,832,054</u>	<u>17,526,609</u>

The financial statements were approved by the Board of Directors and authorised for issue on 12th November 2020. They were signed on its behalf by:


C. CLINCH
 Director

PATSYSTEMS (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2019

	Share capital £	Share premium £	Other Reserves £	Retained earnings £	Total equity £
Balance at 1 January 2018	1,874	3,961,366	53,631	11,209,380	15,226,251
Profit for the financial year	-	-	-	2,300,358	2,300,358
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	2,300,358	2,300,358
Balance at 31 December 2018	1,874	3,961,366	53,631	13,509,738	17,526,609
Profit for the financial year	-	-	-	6,305,445	6,305,445
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	6,305,445	6,305,445
Balance at 31 December 2019	1,874	3,961,366	53,631	19,815,183	23,832,054

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

1. ACCOUNTING POLICIES

(a) *General information*

Patsystems (UK) Limited is a private limited company incorporated in England and Wales. The registered office address is 10 Queen Street Place, London, EC4R 1BE. The principal activities of the Company are described in the Directors' Report. The ultimate parent undertaking is disclosed in note 18.

(b) *Basis of preparation*

The financial statements have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101). The financial statements are prepared under the historical cost convention.

These financial statements present information about the Company as an individual undertaking and not about its group.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(e).

(c) *Going concern*

The financial statements have been prepared on a going concern basis, having considered the anticipated future cash flows to be generated from operating activities. There are no reasonably anticipated sensitivities in expected future cashflows that could lead to a different conclusion.

(d) *Exemptions utilised under FRS 101*

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7 *Financial Instruments: Disclosures*
- Paragraphs 91 to 99 of IFRS 13 *Fair value measurement* (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1 *Presentation of financial statements* comparative information requirements in respect of:
 - i. paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1 *Presentation of financial statements*:
 - i. 10(d), (statement of cash flows),
 - ii. 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - iii. 16 (statement of compliance with all IFRS),
 - iv. 38A (requirement for minimum of two primary statements, including cash flow statements),

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

1. ACCOUNTING POLICIES (Continued)

(d) Exemptions utilised under FRS 101 (continued)

- v. 38B-D (additional comparative information),
- vi. 40A-D (requirements for a third statement of financial position),
- vii. 111 (cash flow statement information), and
- viii. 134-136 (capital management disclosures).
- IAS 7 *Statement of cash flows*
- Paragraph 30 and 31 of IAS 8 *Accounting policies, changes in accounting estimates and errors* (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24 *Related party disclosures* (key management compensation)
- The requirements in IAS 24 *Related party disclosures* to disclose related party transactions entered into between two or more members of a group.
- Paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 *Impairment of assets*.
- The second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 126 and 129 of IFRS 15 *Revenue from Contracts with Customers*.

(e) Judgments and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements;

- (i) *Development costs*: The Company capitalises development costs for development projects in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, and the expected period of benefits.
- (ii) *Percentage of Completion (POC) estimates in Fixed Fee Service Revenue*: Revenue relating to the provision of services, on a fixed fee basis, is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours. Estimates are made over the total expected labour hours based on project managers estimated and revised budgets, however circumstances may change which will impact on the hours to complete. Please see note 1(p).

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)
1. ACCOUNTING POLICIES (Continued)
(f) Intangible assets (continued)

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The useful economic life of intangible assets is between 2 and 10 years.

(g) Research and development costs

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when all of the following criteria are satisfied:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised evenly over the period of expected future benefit. The current weighted average life of capitalised development costs is 8.9 years (2018: 9.0 years).

(h) Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost or valuation less accumulated depreciation and impairment losses. Cost comprises the amount paid and the costs directly attributable to making the asset capable of operating as intended. 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:

Fixtures and fittings	3 years
Computer equipment	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Any gain or loss arising from on the derecognition of the asset is included in the Statement of Comprehensive Income in the period of derecognition.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

1. ACCOUNTING POLICIES (Continued)

(h) *Tangible fixed assets and depreciation (continued)*

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.

(i) *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use and is determined at the individual asset level, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

(j) *Financial assets*

Initial recognition and measurement - the Company determines the classification of its financial assets on initial recognition. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement - for purposes of subsequent measurement, financial assets held by the Company are classified as follows:

- Financial asset at amortised cost - The Company measures financial assets at amortised cost if both of the following conditions are met; (i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and (ii) based on the contractual terms the expected cashflows are solely payments of principal and interest on the outstanding principal. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Impairment of financial assets - For receivables, the Company applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. These receivables are written off when there is no reasonable expectation of recovering the contractual cashflows, which is based on an assessment of the Company's intention and ability to successfully recover balances through enforcement activities.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

1. ACCOUNTING POLICIES (Continued)

(j) *Financial assets (continued)*

Impairment of financial assets (continued)

Derecognition - a financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(k) *Financial liabilities*

Initial recognition and measurement - the Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

Subsequent measurement - for purposes of subsequent measurement, financial liabilities held by the Company are classified as follows:

- Financial liabilities at amortised cost - after initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Comprehensive Income.

Derecognition of financial liabilities - a liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the Statement of Comprehensive Income.

(l) *Cash at bank and in hand*

Cash at bank and in hand includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

1. ACCOUNTING POLICIES (Continued)

(m) *Provisions for liabilities*

A provision is recognised when the Company has legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

(n) *Foreign currency translation*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in pound sterling (£), which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(o) *Taxation*

The tax expense for the financial year comprises current and deferred tax. Current tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, current tax is charged or credited to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the Statement of Comprehensive Income.

Current 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 on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except for deferred tax assets which are only recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date. Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

1. ACCOUNTING POLICIES (Continued)

(p) *Revenue recognition*

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Multi element arrangements and allocations of the transaction price

The Company derives revenue from licenses and subscriptions of its software and related professional services, which can include; assistance in implementation, customisation and integration, post-contract customer support, and other professional services. In the event that an agreement with the Company's customers is executed in close proximity to other agreements with the same customer, the Company evaluates whether the separate agreements have a single commercial objective and should be combined; if so, the agreements together are considered a single multi-element arrangement. The Company accounts for individual elements as distinct performance obligations when an element is separately identifiable from other elements in the agreement and if the customer can benefit from the separate element.

Where such multiple-element arrangements exist, the transaction price is allocated to each performance obligation based on the stand alone selling prices. The Stand-alone selling price of each performance obligation is determined based on the best estimate of the current market price of each of the performance obligations when sold separately.

In determining the total transaction price, the Company considers the fair value of the consideration, both fixed and variable, to which an entity expects to be entitled and adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the entity with a significant benefit of financing the transfer of goods or services to the customer where the period of the financing is over one year.

Sale of and subscription to licenses

License revenue is recognised over the period of the related sales agreement, where the licence is considered a right to access IP or the license is considered a right of use of the software but it is not distinct from post contractual support ("PCS").

In all other circumstances, where the license is considered a right of use of the software, license revenue is recognised when the Company has no further obligations to perform in respect of the license.

Where the license is distinct and separated from the PCS, the PCS revenue is recognised over the PCS period in the sales agreement.

Rendering of services

Revenue pursuant to time and material professional services contracts are recognised as services are performed. Revenues from fixed-fee professional services contracts are recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labour hours spent relative to the total expected labour hours. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)
1. ACCOUNTING POLICIES (Continued)
(q) Dividend distributions

Dividend distributions to the Company's shareholders are recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

(r) New standards and interpretations
New Standards and interpretation effective 1 January 2019

The following standards and amendments have been adopted for the first time in these financial statements:

- **IFRS 16 Leases**

The Company has adopted IFRS 16 with an initial application date of 1 January 2019. IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 requires lessees to account for all leases under a single on balance sheet model similar to the accounting for finance leases under IAS 17, with the exception of low value leases and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

There was no impact on the financial statements of the Company in respect of IFRS 16.

2. REVENUE

Revenue was wholly derived from the Company's principal activity. It comprises the value of goods and services sold, excluding VAT. The Company has recognised the following amounts in relation to revenue in the Statement of Comprehensive Income. All revenue is derived from overseas customers as follows:

	2019 £	2018 £
Contracts with customers	5,810,097	5,895,406

The Company typically invoices clients annually in advance for all contract revenue streams except for professional service revenue, which can be either billed in advance or on satisfaction of milestones. As such, substantially all deferred revenue at the end of an accounting year will be recognised in the following year, with the exception of (i) contracts where revenue recognition is deferred due to uncertainty over payment and (ii) contracts with a significant financing component.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)
2. REVENUE (Continued)

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. Contract liabilities primarily relate to the advance consideration received from customers for contracts, for which revenue will be recognised on satisfaction of performance obligations in the next reporting period.

	2019 £	2018 £
Accrued revenue at the beginning of the year	451,438	1,415,978
Deferred revenue at the beginning of the year	(8,669)	(123,111)
Net contract asset at the beginning of the year	442,769	1,292,867
Invoices raised in the year	(6,688,692)	(6,878,970)
<i>Revenue recognised in the year:</i>		
Included in the contract liability at the beginning of the year	8,669	123,111
Relating to performance obligations satisfied in a previous year	133,480	-
Relating to performance obligations satisfied in the current year	5,667,948	5,772,295
Bad debt provision recognised against contract liabilities	(133,023)	133,466
Accrued revenue at the end of the year	639,281	451,438
Deferred revenue at the end of the year	(1,208,130)	(8,669)
Net contract (liability) / asset at the end of the year	(568,849)	442,769

3. OPERATING PROFIT

	2019 £	2018 £
<i>Operating profit is stated after charging / (crediting):</i>		
Depreciation of property, plant and equipment	-	9,306
Amortisation of intangible assets	770,214	773,446
Foreign exchange losses / (gains)	239,302	(244,196)
Other income	(2,455,189)	-

On 1 January 2019, the loan payable of £2.46 million was waived by the Directors of the Pattington Limited.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)
4. AUDITOR'S REMUNERATION

The Company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Company.

	2019 £	2018 £
Audit of individual company accounts	18,098	23,316
Tax advisory services	4,525	2,550
	<u>22,623</u>	<u>25,866</u>

5. DIRECTORS' REMUNERATION

The directors of the Company received no remuneration for services to the Company during the year (2018: £Nil).

6. STAFF COSTS

The company had no employees during the year (2018: Nil).

7. FINANCE INCOME

	2019 £	2018 £
Intercompany loan interest receivable	353,041	230,866
	<u>353,041</u>	<u>230,866</u>

8. FINANCE EXPENSES

	2019 £	2018 £
Intercompany loan interest payable	1,183	46,782
Other interest	491	-
	<u>1,674</u>	<u>46,782</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)
9. TAXATION

	2019 £	2018 £
(a) <i>Tax on profit on ordinary activities</i>		
The tax charge is made up as follows:		
Current tax:		
UK corporation tax	-	250,902
Over provision in previous years	(2,553)	-
Total current tax	(2,553)	250,902
Deferred tax:		
Origination and reversal of temporary differences	5,591	16,058
Adjustment in respect of prior years	(2,388)	-
Tax on profit on ordinary activities (note 9 (b))	650	266,960

(b) Factors affecting tax charge for the year:

The tax assessed for the year differs from that calculated by applying the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	6,306,095	2,567,318
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2018: 19%)	1,198,158	487,790
Effects of:		
Group relief claimed	(726,212)	(179,801)
Income not deductible for tax purposes	(465,572)	-
Effect of change in deferred tax rate	(671)	(8,153)
Adjustment in respect of prior years – corporation tax	(2,553)	-
Adjustment in respect of prior years – deferred tax	(2,388)	-
R&D tax credits	-	(32,876)
Others	(112)	-
Tax on profit on ordinary activities (note 9 (a))	650	266,960

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

9. TAXATION (Continued)

(c) *Deferred tax asset*

	2019 £	2018 £
Amounts falling due after more than one year	269,154	272,357
	2019 £	2018 £
Accelerated capital allowances on fixed assets and capitalised development costs	220,728	220,266
Other temporary differences	48,426	52,091
	269,154	272,357
	2019 £	2018 £
At 1 January	272,357	236,324
Adjustment in respect of prior year	2,388	-
Effect of IFRS 9 transition adjustment	-	52,091
At 1 January	274,745	288,415
Deferred tax credit in Statement of Comprehensive Income	(5,591)	(16,058)
At 31 December	269,154	272,357

(d) *Circumstances affecting future tax charges:*

In the Finance Act 2016, which was enacted on 15 September 2016, the UK Government confirmed that the main rate of corporation tax in the UK will be reduced from the 19% rate applying from 1 April 2017 to 17% from 1 April 2020. On 11 March 2020, the UK Government announced that the main rate of corporation tax will not be reduced to 17% from 1 April 2020 and will remain at 19%; however, that change has not yet been substantively enacted. As a result, the deferred tax asset / liability being carried at 31 December 2019 relating to UK temporary differences has been recognised at the 17% rate.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

10. INTANGIBLE ASSETS

	<i>Software / licenses £</i>	<i>Development costs £</i>	<i>Total £</i>
<i>Cost</i>			
At 1 January 2018	453,250	5,996,621	6,449,871
Additions	-	242,438	242,438
At 31 December 2018	453,250	6,239,059	6,692,309
Additions	-	219,376	219,376
At 31 December 2019	453,250	6,458,435	6,911,685
<i>Amortisation</i>			
At 1 January 2018	406,820	2,971,476	3,378,296
Charge for the year	29,336	744,110	773,446
At 31 December 2018	436,156	3,715,586	4,151,742
Charge for the year	17,094	753,120	770,214
At 31 December 2019	453,250	4,468,706	4,921,956
<i>Net book value</i>			
At 31 December 2019	-	1,989,729	1,989,729
At 31 December 2018	17,094	2,523,473	2,540,567
At 1 January 2018	46,430	3,025,145	3,071,575

11. FIXED ASSETS

	<i>Computer equipment £</i>	<i>Fixtures and fittings & equipment £</i>	<i>Total £</i>
<i>Cost</i>			
At 1 January 2018	309,894	7,609	317,503
Disposals	(367)	-	(367)
At 31 December 2018	309,527	7,609	317,136
Disposals	-	-	-
At 31 December 2019	309,527	7,609	317,136

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)
11. FIXED ASSETS (Continued)

	<i>Computer equipment</i>	<i>Fixtures and fittings & equipment</i>	<i>Total</i>
	£	£	£
<i>Depreciation</i>			
At 1 January 2018	300,588	7,609	308,197
Charge for the year	9,306	-	9,306
Disposals	(367)	-	(367)
At 31 December 2018	309,527	7,609	317,136
Charge for the year	-	-	-
Disposals	-	-	-
At 31 December 2019	309,527	7,609	317,136
<i>Net book value</i>			
At 31 December 2019	-	-	-
At 31 December 2018	-	-	-
At 1 January 2018	9,306	-	9,306

12. DEBTORS

	<i>2019</i>	<i>2018</i>
	£	£
<i>Amounts falling due within one year</i>		
Trade receivables	381,918	10,435
Prepayments	81	9,839
Accrued income	639,281	451,438
Other debtors	18,322	105
Amounts owed from group undertakings	15,463,864	14,357,327
Loan owed from group undertakings	8,441,975	5,936,794
Loan owed from immediate parent undertaking	3,245,210	3,151,342
Corporation tax receivable	80,141	-
	28,270,792	23,917,280

Amounts and loans owed from group and parent undertakings are unsecured and receivable on demand. The interest rate charged on the intercompany loans is between 2.0% to 3.7% (note 7). The key terms of the loans are set out in note 14.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)
12. DEBTORS (Continued)
Expected credit losses on trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables and contract assets are regularly monitored. Trade receivables are non-interest bearing and are generally issued with credit terms of 0 – 30 days.

An impairment analysis is performed at each reporting date using the provision matrix below to measure the ECL. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation of the ECL reflects reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Loss rates are based on actual credit loss experience over a period of at least 6 years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Set out below is the information about the credit risk exposure on the Company's trade receivables and contract assets using a provision matrix:

As at 31 December 2019 (£):	<i>Current</i>	<i>30-360</i>	<i>Over 360</i>	<i>Total</i>
Expected credit loss rate %	0.1%	0.1%	88.8%	
Gross carrying amount	382,375	-	-	382,375
ECL	(457)	-	-	(457)
Net carrying amount	381,918	-	-	381,918
Past due but not impaired	-	-	-	-
As at 31 December 2018 (£):	<i>Current</i>	<i>30-360</i>	<i>Over 360</i>	<i>Total</i>
Expected credit loss rate %	0.1%	0.1%	88.8%	
Gross carrying amount	11,502	-	-	11,502
ECL	(1,067)	-	-	(1,067)
Net carrying amount	10,435	-	-	10,435
Past due but not impaired	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

12. DEBTORS (Continued)

Expected credit losses on trade receivables	2019	2018
	£	£
As at 1 January under IFRS 9	1,067	356,071
Movement in provision for expected credit losses	(610)	(355,004)
As at 31 December	457	1,067

13. CREDITORS

	2019	2018
	£	£
<i>Amounts due within one year</i>		
Trade creditors	-	11,175
Accruals	29,040	26,252
Deferred income	1,208,130	8,669
VAT payable	2,944	11,909
Amounts owed to group undertakings	3,047,014	3,311,679
Amounts owed to immediate parent undertaking	3,274,958	3,310,367
Loan owed to group undertaking	-	2,458,832
Other creditors	55,931	60,226
Corporate tax payable	-	206,412
	7,618,017	9,405,521

Amounts and loans owed to group and parent undertakings are unsecured and payable on demand. During the year, the liability owed to group undertaking was extinguished. The key term of the loans is set out in note 14.

14. FINANCIAL INSTRUMENTS

Loans owed to related parties are unsecured and have the following year end carrying values:

Counterparty	Maturity	Interest	Loan Currency	Carrying Value 2019 £	Carrying Value 2018 £
<u>Loans receivable</u>					
Patsystems Limited	On demand	3.5%	GBP	3,245,210	3,151,342
ION Trading Ireland Limited	On demand	3.7%	USD	7,916,474	5,421,596
ION Trading UK Limited	On demand	2.0%	GBP	525,501	515,198
<u>Loans payable</u>					
Pattington Limited	On demand	2.0%	EUR	-	2,458,832

NOTES TO THE FINANCIAL STATEMENTS 31 December 2019 (Continued)

15. SHARE CAPITAL

	2019 £	2018 £
<i>Authorised</i>		
10,000,000 Ordinary Shares of £0.01 each	100,000	100,000

Ordinary Shares have full voting and dividend rights, and carry distribution rights upon a winding up, sale or quotation of the Company.

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
187,432 Ordinary Shares of £0.01 each	1,874	1,874

SHARE PREMIUM ACCOUNT

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

16. COMMITMENTS

There is a charge over the assets of the Company in favour of UBS Securities LLC in respect of loans repayable by other group companies.

17. RELATED PARTY TRANSACTIONS

During the year, the Company entered into transactions, in the ordinary course of business, with other related parties. Those transactions with directors are disclosed in note 5. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

18. PARENT UNDERTAKINGS, CONTROLLING PARTIES, DIRECTORS' AND SECRETARY'S INTERESTS

The Company's immediate parent undertaking and controlling party is Patsystems Limited, a company incorporated in the United Kingdom.

The parent undertaking of the smallest and largest groups of undertakings for which consolidated financial statements are prepared and of which the Company is a member, is ION Trading Technologies Limited and ION Investment Group Limited, respectively, companies incorporated in the Republic of Ireland. Copies of these consolidated financial statements are available from the Companies Registration Office, Parnell House, Parnell Square, Dublin 1.

The Company's ultimate parent undertaking and controlling party is Bessel Capital S.à.r.l., a company incorporated in Luxembourg.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2019 (Continued)

18. PARENT UNDERTAKINGS, CONTROLLING PARTIES, DIRECTORS' AND SECRETARY'S INTERESTS (Continued)

Neither the directors, nor the Company Secretary, their spouses or minor children, held any interests in the shares of the Company, its parent undertaking or any other group undertaking, except as follows:

At the year end, Mr. A. Pignataro owned directly 100% (2018: 100%) of Bessel Capital S.à.r.l.

19. EVENTS SINCE THE STATEMENT OF FINANCIAL POSITION DATE

Subsequent to the year end, the COVID-19 outbreak developed rapidly, which is causing economic disruptions in most countries. Various measures have been taken by Governments around the world to contain the virus which have had a significant impact on global economic activity.

The principal activity of the Company is the development, distribution and support of software enabling electronic trading of financial products on global trading exchanges and as such a significant proportion of our projects can be performed remotely. The Company has moved to remote working arrangements which are running smoothly, to ensure the safety of our staff and to enable our business to operate with minimal impact.

A significant portion of revenue is driven from multi-year contracts with customers with the services provided being critical to our customers' operations, hence limited immediate impact is expected on the Company's revenue stream. Given the nature of the outbreak and the on-going developments, at this time it is not possible to estimate the overall future impact to the Company.

20. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved and authorised for issue the financial statements in respect of the financial year ended 31 December 2019 on 12th November 2020.