Company Registration No. 01752099 (England and Wales)

FINASTRA EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

FINASTRA EUROPE LIMITED

COMPANY INFORMATION

Directors	S Dowler T Schloesser N Blagden J Barker
Company number	01752099
Registered office	Four Kingdom Street Paddington London W2 6BD
Independent auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP

FINASTRA EUROPE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2021

The Directors present their Strategic Report and the Audited Financial Statements of Finastra Europe Limited ('the Company') for the year ended 31 May 2021.

Review of the business and principal activities
The principal activities of the Company continue to be that of an intermediate parent and holding company. The Company has loan notes listed on the Cayman Islands Stock Exchange of €1,400,069,000 (2020: €1,413,785,000). The notes are held by Tahoe Bidco undertakings. The Company also supplies computer software and consultancy services relating to the banking and financial services. Finastra Europe Limited is a subsidiary of Tahoe Bidco Limited (referred to as Tahoe Bidco Group" or "Group"). The Tahoe Bidco Group trades as Finastra, Finastra was formed in 2017 by the combination of Misys and D+H Financial Technology Limited. Finastra builds and deploys innovative, next-generation technology on open Fusion software architecture and cloud ecosystem.

Finastra's vision is to unlock the power of finance for everyone, to create an open financial platform for innovation and collaboration and unlock the potential of people, businesses, and communities. Finastra's mission is to help its clients, whatever their size, wherever they are located, to embrace a more open future.

The Company reported a reduced loss for the financial year of €53,619,000 (2020: €60,477,000) which was driven by an increase in revenues of €1,160,000 to €7,933,000 (2020: €6,773,000) and by lower interest expense to group undertakings of €2,621,000 to €67,821,000 (2020: €70,442,000) and lower administrative expenses of €2,950,000 to €1,762,000 (2020: €4,712,000).

The results for the year and the financial position at the year-end were as anticipated by the Directors, with the Company reducing it's loss. The Company's revenue has grown in the past year and is expected to remain stable given the nature of the Company's long-term contracts which are secured.

The total shareholders' deficit has increased by €53,619,000 due to the loss for the financial year increasing the accumulated losses of the Company.

Key performance indicators
The executive management team of Tahoe Bidco Limited, being the parent Company of the largest group in which the Company is included, manages the operation of Tahoe Bidco Limited's group of companies on a group basis. For this reason, the Company's Directors do not manage Key Performance Indicators at the Company's level. The development, performance and position of the Tahoe Bidco Group, which includes the Company, are disclosed in the Tahoe Bidco Group's Annual Report, which does not form part of this report.

Principal risks and uncertainties
From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are presented in the Group's Annual Report, which does not form part of this report.

Brexit has not materially impacted the Company business or the recoverability of intercompany loan balances which the Company has with other group entities in various currencies. Sensitivity analysis associated with the Group's exposure to currency and interest rate risk including that of the Company are disclosed in the Tahoe Bidco Group Annual Report.

FINASTRA EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

Overall management assesses the direct impact on the Company to be minimal in the short term. No significant changes to the Company's operations are expected and the Company will continue to consider changes that are in the best interest of its stakeholders.

The Company has €1,341,640,000 (2020: €1,341,822,000) of investments in subsidiary undertakings. The recoverable value of these investments will be impacted by the performance of the Group and the respective subsidiaries during the year. Each of the investments held within the Company have been tested for impairment to ensure the carrying value of the investment does not exceed the net assets of the respective subsidiary. In the event that the carrying value of the investment exceeds the net assets of the subsidiary, a value in use exercise would be carried out on the respective subsidiary. If the carrying value of the investment exceeds the value in use of the subsidiary, an impairment for that investment would be recognised accordingly.

The Tahoe Bidco Group has a robust Business Resiliency Program that had a Pandemic Plan which was exercised during the early stages of the pandemic allowing it to enact its crisis management and contingency plans very quickly and effectively. The Group successfully transitioned over 95% of the workforce to safe remote working in less than a week enabling it to continue business operations without disruption while protecting employee health and safety.

The Group continues evaluating and implementing strategies to evolve and adopt to the new reality of life and operations post pandemic, including people, locations, product, third party relationships, growth strategies, and markets where the business operates. In addition, liquidity initiatives and customer retention plans have been implemented to minimize any disruption to cash collection and to constrain discretionary spending.

Russian sanctions
In relation to the Russia Ukraine war, a working group has been established to continually monitor and evaluate the sanctions that are being imposed on Russia, taking suitable actions where necessary to ensure Finastra Group's compliance and adherence to these. There is no impact on the Company currently. During the year of this Financial report, the Company did not trade with any customer in Russia.

Section 172 statement
Statement by the Directors in performance of their statutory duties in accordance with Section 172(1)(a-f) Companies Act 2006 ('S172').

Section 172 of the Companies Act 2006 requires a Director of the Company to act in the way he considers, in good faith would most likely promote the success of the Company for the benefit of its members as a whole and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the Company.

The Directors of the Company in conjunction with the Tahoe Bidco group have taken the adequate steps to ensure continuity of business operations without disruptions in the best interest of the stakeholders. They implemented liquidity optimization initiatives and customer retention plans to minimize any disruptions to customer cash collections and constrained discretionary spending to the best of their judgment.

Though the UK government removed all COVID-19 related restrictions in UK, this is not the case in other countries. The Directors continue to monitor, evaluate and implement strategies to steer clear the challenges being posed by COVID-19. They also continue to monitor the situation in relation to Russian invasion of Ukraine and the consequent imposition of sanctions against Russia as well as BREXIT situation and its impact on the Company's business endeavoring to mitigate any adverse effects it may have on the carrying value of the Company's assets, liabilities and its operations.

FINASTRA EUROPE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

The Directors consider both individually and collectively, that they have discharged their duties as set out in S172. They have acted in the way they consider would be most likely to promote the success of the Company for the benefit of its members as a whole, in the decisions taken during the year.

Energy efficiency actions and climate change
The Group are committed to responsible energy management in line with ESOS compliance directives and continues to practice energy efficiency throughout our organisation, wherever it is cost effective. We recognize that climate change is one of the most serious environmental challenges currently threatening the global community and we understand we have a role to play in reducing greenhouse gas emissions.

In prior years, travel contributed to the total carbon emissions for the Group. Accordingly, as a part of our evolution of planet mission aimed at increasing businesses energy efficiency in the years to come, the Company continues to focus on reducing and virtualizing travel and pursuing various work place of the future (WOtF) initiatives to reduce travel and its related carbon footprint.

The Group continues to work with its IT vendors to procure energy efficient laptops and IT equipment as well as gradually switching to energy efficient LED technology electrical equipments aimed at reducing its related carbon footprint.

Approved by the Board of Directors on June 29th 2022 and signed on behalf of the Board by:

DocuSigned by:
James Barker
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J Barker
Director

FINASTRA EUROPE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2021

The Directors present their Annual Report and the audited Financial Statements of Finastra Europe Limited ("the Company") for the year ended 31 May 2021.

Results and dividends
The Company's loss for the financial year amounted to €53,619,000 (2020: €60,477,000).

Net liabilities at 31 May 2021 were €185,222,000 compared to €131,603,000 at 31 May 2020. This increase was driven by the loss for the year.

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:

S Dowler	
K Metzroth	(Resigned 31 May 2022)
S Pemble	(Resigned 29 January 2021)
T Schloesser	
T Kilroy	(Resigned 30 June 2020)
N Blagden	(Appointed 1 July 2020)
J Barker	(Appointed 29 January 2021)

Qualifying third party indemnity provisions
All Directors have been granted an indemnity by the intermediate parent Company, Finastra Limited to the extent permitted by law in respect of certain liabilities incurred as a result of their office in associated companies. They are indemnified against liability to third parties, excluding criminal liability and regulatory penalties and certain other liabilities. This is a qualifying third party indemnity provision as defined in Section 234 the Companies Act 2006 which was made during the financial year and remains in force at the date of approval of this report.

Financial risk management

Foreign exchange currency risk
The Company operates internationally and is exposed to foreign currency fluctuations, primarily the US dollar and the euro. Foreign exchange risks arise when transactions and recognised assets and liabilities are denominated in currencies that are not the Company's functional currency.

The Company is a part of the Tahoe Bidco Group and the details of its net exposure to foreign currency risk are included within the net exposure to foreign currency risks as is illustrated by sensitivity analysis in the Tahoe Bidco Group annual report.

Credit risk
The Company's principal financial assets are cash and cash equivalents, trade and other intercompany receivables. The Company's credit risk is primarily attributable to its trade receivables. It has policies in place to ensure that sales are made to customers with an appropriate credit history and also policies that limit the amount of credit exposure to any financial institution.

The Company has no significant concentrations of credit risk, with exposures spread over a large number of customers. The Group regularly reviews intercompany balances for impairment and where appropriate, adjustments are made to the carrying value at subsidiary level.

Cash settlements are limited and performed only with counter parties where cash transfer for Intercompany settlements are required by law.

FINASTRA EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

Liquidity risk

The Tahoe Bidco Group of which the Company is part of manages the operations of the entire group. The Company has access to a Revolving Credit Facility ('RCF') which has financial covenant compliance obligations. The Company along with the Tahoe Bidco Group aims to achieve outstanding financial performance to maintain the availability of capital and liquidity to allow further investments and management of the Group's Debt and liquidity position.

The Tahoe Bidco Group has confirmed financial support to the Company. Including, not seeking the repayment of amounts advanced to the Company by the parent and/or other members of the parent group unless adequate alternative financing has been secured by the Company; and advancing further amounts to the Company as required to allow them to meet their obligations as they fall due.

Interest rate risk

Tahoe Bidco Limited being the parent Company of the largest Group in which the Company is included manages the operations of this Company, as a part of which the interest rate risk is managed at group level, more details are available in Tahoe Bidco Group Accounts.

Further details of the Group's risk policies are available within the Tahoe Bidco Group's Annual Report.

Listed securities

The Company has issued loan notes with an aggregate nominal value of €1,400,069,000 (2020: €1,413,785,000) listed on the Cayman Islands Stock Exchange. The notes are all held by Tahoe Bidco Limited undertakings.

Donations

There were no political donations for the year (2020: €nil) and the Company did not incur any political expenditure (2020: €nil).

Going concern

Accounting standards require that Directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare the financial statements on a going concern basis.

A letter of support has been received from Tahoe Bidco Limited, stating that it will provide continuing financial support as necessary to enable the Company to meet its obligations as and when they fall due for a period of at least 12 months from the date of the auditor's report on these financial statements.

The Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis, placing reliance on the support letter, as from the perspective of the Company, its operations, risks and uncertainties are integrated with those of the group. The going concern assumption has, at a Group level, been critically reassessed as at the date of issuing these financial statements considering the challenges posed by the current business and operating environment. The Group's forecasts and projections have been stress-tested considering historical performance against prior year forecasts and reduced cash flow conversion achievement. Applying these assumptions, the Group is expected to continue trading as going concern based on Group's forecast for at least the next 12 months from the date of approval of these financial statements.

The Group has a significant recurring revenue base of multiyear software solution contracts and provides software to leading financial institutions which underpins continuing financial resilience. Only an unrealistic immediate and permanent reduction in EBITDA and cash flow conversion would trigger a breach of our revolving credit facility. The Group continues to strategically implement cash management initiatives to mitigate such risks. Actions aimed at ensuring improved cash flow conversion are continuously being taken and based on results achieved, the Group is well positioned to be able to manage any uncertainty. Based on the above, the Directors are confident that the Group is capable of providing support to the Company for at least 12 months from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis in preparing these financial statements.

Cautionary statement regarding forward-looking information

Where this document contains forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. A number of factors, including those in this document, could cause actual results to differ materially from those contained in any forward-looking statement.

COVID 19

Businesses including the Tahoe Bidco group are more alert to any changes that could impact the way we work, and more robust back-up planning has been undertaken to ensure business can continue even if unforeseen issues arise. Furthermore, the wider impact from Covid-19 has been the increased concern for the welfare of employees physical and mental health. From the perspective of the Company, its operations, risks and uncertainties are integrated with those of the Tahoe Bidco group and are not managed separately. Therefore, the Directors of the Company in coordination with Tahoe Bidco group continue to monitor the above areas and its impact on the Company's business endeavours to mitigate any adverse effects it may have on the carrying value of the Company's assets, liabilities and its operations. Though the UK government removed all restrictions in UK, this is not the case in other countries and Directors continue to monitor the impact of COVID-19 at a regional or country level, in compliance with local laws.

Future developments

The Tahoe Bidco Group of which the Company is a part of, plans to invest more in increasing its sales in the future as part of its three year "Reach Beyond" strategy. This strategy will see the Group focus on development of Banking as a Service ("BAAS") solutions including product development, customer migrations to new software versions, pushing customers to cloud, and accelerating our cloud development. The Tahoe Bidco Group has continued to undertake considerable Research and Development efforts. Ongoing investment in new technology and functionality has, and will continue to, enable the Group to maintain and strengthen its market leading position as it accompanies its clients to a cloud-based digital world. The Directors of the Company are actively working with the Tahoe Bidco Group management to support them with their above strategy. The function of the Company as an intermediate holding Company will remain unchanged.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

FINASTRA EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

Statement of directors' responsibilities
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

Directors' confirmations
In the case of each director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Strategic report
The Company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Schedule 7 to be contained in the Directors' Report. It has done so in respect of the business review, key performance indicators and principal risks and uncertainties.

Statement of disclosure to auditors
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 auditors are unaware. Additionally, each Director has taken all the necessary steps that they ought to have taken as a Director in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board of Directors on June 29th 2022 and signed on behalf of the Board by:

DocuSigned by:
James Barker
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J Barker
Director

Independent auditors' report to the members of Finastra Europe Limited

Report on the audit of the financial statements

Opinion

In our opinion, Finastra Europe Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 May 2021; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Audit scope

- We identified and tested all material financial statement line items and disclosures, including those that were considered qualitatively material. The procedures performed provided sufficient evidence over all material classes of transactions, account balances and disclosures in the financial statements.
- The Company engagement team performed the principal audit procedures with support from the Shared Service Centre audit team performing specified procedures over balances and transactions managed by the company's shared service centre, primarily cash, trade receivables, interest and intercompany balances.

Key audit matters

- Valuation of Investments

Materiality

- Overall materiality: 15,600,000 EUR (2020: 14,000,000 EUR) based on approx. 1% of total assets.
- Performance materiality: 11,700,000 EUR (2020: 10,500,000 EUR).

Independent auditors' report to the members of Finastra Europe Limited

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of Investments The Company, being an intermediate parent and holding company, owns shares in a number of direct and indirect subsidiaries (notes 11 and 12) which are reviewed annually for indicators of impairment. Investments in subsidiary undertakings total €1,342m. Where an impairment indicator exists, the Directors prepare an impairment assessment. Where the carrying value of the investment exceeds the net assets of the investment, the Directors perform a value in use calculation to assess the recoverable amount of the investments. This involves judgements about the future results of the underlying businesses, particularly assumptions around growth rates and the discount rates applied to future cash flow forecasts, where there is a higher degree of sensitivity. This is an area of focus for us as a result of the size of the related balances.	The Directors performed an exercise to determine whether there were any indicators of impairment. The exercise involved comparing the carrying value of the investments to the net assets of the respective investment entities. In all cases the net assets were in excess of the carrying value of the investments, such that no triggers for impairment were noted and so the Directors concluded no impairment was required. We reviewed the exercise by testing its mathematical accuracy and agreed the net assets of the investment entities to their underlying accounting records. We found no discrepancies and therefore, we agreed with their conclusion that no impairment was required.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

We considered the nature of the company, which holds a number of direct and indirect investments in other Group companies and has issued loan notes listed on the Cayman Islands Stock Exchange, when determining the audit scope and approach.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Independent auditors' report to the members of Finastra Europe Limited

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	15,600,000 EUR (2020: 14,000,000 EUR).
How we determined it	approx, 1% of total assets
Rationale for benchmark applied	Whilst Finastra Europe Limited does record immaterial revenue, given that its primary activity is that of a holding company, it is appropriate to use total assets as the primary benchmark. Additionally, it is the primary measure used by the shareholders in assessing the performance of the entity, and is a generally accepted auditing benchmark.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to 11,700,000 EUR (2020: 10,500,000 EUR) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above €780,000 (2020: €700,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Assessing the ability of management to rely on the letter of support it has obtained from TahoeBidco Limited, (the parent company of the largest group in which the Company is consolidated), through assessing the ability of the TahoeBidco Group to meet its liabilities as they fall due and to remain in compliance with the financial covenants it is subject to. In addition, we have assessed what financial support the wider group may require and whether this would impact the ability of TahoeBidco Limited to support the Company; and
- Assessing the disclosure given in the financial statements in respect of going concern and whether it gives a fair and balanced view.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of Finastra Europe Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 May 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Independent auditors' report to the members of Finastra Europe Limited

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the fraudulent posting of journals, significant or unusual transactions outside the normal course of business and management bias in making significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Enquiry of management regarding actual and potential litigations and claims;
- Review of board meeting minutes for any instances of non-compliance with laws, regulations and fraud and to identify any unusual transactions outside the normal course of business;
- Challenging assumptions and judgements made by management in determining significant accounting estimates and independently reviewed and tested assumptions in relation to such judgements and estimates along with the related disclosures in the financial statements; and
- Identifying and testing a sample of journal entries throughout the whole year, which met our pre-defined fraud risk criteria.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Finastra Europe Limited

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Christopher Cook

Christopher Cook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 June 2022

FINASTRA EUROPE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2021

	Notes	2021 €000	2020 €000
Revenue	4	7,933	6,773
Administrative expenses		(1,762)	(4,712)
Operating profit	7	6,171	2,061
Interest receivable and similar income	8	7,953	7,988
Interest payable and similar expenses	9	(67,821)	(70,442)
Loss before taxation		(53,697)	(60,393)
Taxation	10	78	(84)
Loss and total comprehensive expense for the financial year		(53,619)	(60,477)

Company Registration No. 01752099

FINASTRA EUROPE LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2021

	Note	2021 €000	2020 €000
Non-current assets			
Investments	11	1,341,640	1,341,822
Trade and other receivables	15	215,495	206,909
		1,557,135	1,548,731
Current assets			
Trade and other receivables	15	3,241	1,710
Cash and cash equivalents		192	423
		3,433	2,133
Current liabilities			
Trade and other payables	16	(19,920)	(57,169)
Contract liabilities		(2,905)	(2,235)
		(22,825)	(59,404)
Net current liabilities		(19,392)	(57,271)
Total assets less current liabilities		1,537,743	1,491,460
Non-current liabilities			
Trade and other payables	16	(1,721,930)	(1,622,417)
Contract liabilities		(1,035)	(646)
		(1,722,965)	(1,623,063)
Net liabilities		(185,222)	(131,603)
Equity			
Called up share capital	17	9,075	9,075
Translation reserve	18	(39,396)	(39,396)
Accumulated losses	18	(154,901)	(101,282)
Total equity		(185,222)	(131,603)

The financial statements on pages 14 to 38 were approved by the Board of Directors on 29 June 2022 and signed on behalf of the Board by:

DocuSigned by:
James Barker
A40A2C8289D4448...
J Barker
Director

FINASTRA EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2021

	Called up share capital €000	Translation reserve €000	Accumulated losses €000	Total €000
Balance at 1 June 2019	9,075	(39,396)	(40,805)	(71,126)
Year ended 31 May 2020:				
Loss and total comprehensive expense for the year	-	-	(60,477)	(60,477)
Balance at 31 May 2020	9,075	(39,396)	(101,282)	(131,603)
Year ended 31 May 2021:				
Loss and total comprehensive expense for the year	-	-	(53,619)	(53,619)
Balance at 31 May 2021	9,075	(39,396)	(154,901)	(185,222)

FINASTRA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2021

1 General Information

Finastra Europe Limited is a private company limited by shares incorporated and domiciled in England and Wales, whose registered office is at Four Kingdom Street, Paddington, London, W2 6BD.

The company's principal activities and nature of its operations are disclosed in the Strategic Report.

2 Accounting policies

Accounting convention
The financial statements have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101").

The financial statements are prepared in Euros, which is the functional and presentational currency of the company. Monetary amounts in these financial statements are rounded to the nearest €1,000, unless otherwise indicated.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

In preparing these financial statements, the company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the UK ("IFRS"), amended where necessary in order to comply with Companies Act 2006.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements and, where relevant, equivalent disclosures have been made in the Tahoe Bidco Limited Group accounts, in accordance with FRS 101;

- Presentation of a Statement of Cash Flows and related notes;
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- Revenue disclosures, including:-
  - Explanation of significant changes in contract assets, contract liabilities and contract costs;
  - Description of when performance obligations are satisfied, significant payment terms, and the nature of goods and services to be transferred;
  - Significant judgements in determining the amount and timing of revenue recognition and the amount of capitalised costs to obtain or fulfil a contract;
  - Methods used to recognise revenue over time, determine transaction price and amounts allocated to performance obligations and determine amortisation of capitalised cost to obtain or fulfil a contract;
- Financial instrument disclosures, including:-
  - Carrying amounts and fair values of financial instruments by category and information about the nature and extent of risks arising on financial instruments;
  - Income, expenses, gains and losses on financial instruments;
  - Details of credit losses, collateral, loan defaults or breaches;
- Valuation technique(s) and assumptions used to measure recoverable amounts for impairment tests in respect of:-
  - assets or CGUs for which impairment losses are recognised or reversed in the period where recoverable amount is based on fair value less costs of disposal;
- Comparative narrative information that continues to be relevant to the current period;
- Comparative period reconciliations for the carrying amounts of property, plant and equipment, intangible assets and investments, if any;
- Disclosure of key management personnel compensation, and amounts incurred for the provision of key management personnel services by a separate management entity;
- Related party disclosures for transactions with the parent or wholly owned members of the group;
- Disclosure of the objectives, policies and processes for managing capital; and
- Disclose of a maturity analysis of lease liabilities.

2 Accounting policies (Continued)

The Company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

Finastra Europe Limited is a wholly owned subsidiary of Tahoe Bidco Limited, a company incorporated in the Cayman Islands. The results of Finastra Europe Limited are included in the consolidated financial statements of Tahoe Bidco Limited which can be obtained as set out in note 20.

Going concern
Accounting standards require that directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare the financial statements on a going concern basis.

A letter of support has been received from Tahoe Bidco Limited, stating that it will provide continuing financial support as necessary to enable the company to meet its obligations as and when they fall due for a period of at least 12 months from the date of the auditor's report on these financial statements.

The directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis, placing reliance on the support letter, as from the perspective of the company, its operations, risks and uncertainties are integrated with those of the group through Finastra Limited. The going concern assumption has, at a group level, been critically reassessed this year considering the challenges posed by the current business and operating environment. The group's forecasts and projections have been stress-tested considering historical performance against prior year forecasts and reduced cash flow conversion achievement. Applying these assumptions, the company is expected to continue trading as going concern based on company's forecast for at least the next 12 months from the date of approval of these financial statements.

The Group has a significant recurring revenue base of multiyear software solution contracts and provides software to leading financial institutions which underpins continuing financial resilience. Only an unrealistic immediate and permanent reduction in EBITDA and cash flow conversion would trigger a breach of our revolving credit facility. The group continues to strategically implement cash management initiatives to mitigate such risks. Actions aimed at ensuring improved cash flow conversion are continuously being taken and based on results achieved, the group is well positioned to be able to manage any uncertainty. Based on the above, the directors are confident that the group is capable of providing support to the company for at least 12 months from the date of approval of these financial statements. For this reason, they continue to adopt the going concern basis in preparing these financial statements.

Revenue
Revenue is derived from the sale of software solutions and software related services to customers. Note 4 to the financial statements shows the composition of total revenue according to geographical market, major service lines and by the timing of revenue recognition.

Subscription and software license revenue and related maintenance
The company's subscription and software licenses consist of lending, retail banking, transaction banking and treasury and capital markets products. The related maintenance is commonly not considered a distinct performance obligation from the associated license because the ongoing utility of the license is dependent on and changed by the delivery of updates. In these cases, revenue for both is recognised as a single performance obligation over time as the customer simultaneously receives and consumes the solution.

In other cases, the two are considered distinct and the license will be recognised at a point in time once the customer has been transferred control of the license. Maintenance will be recognised in these cases as a stand ready obligation over time. This distinction depends upon the nature of the maintenance and what constitutes the company's promise to the customer.

2 Accounting policies (Continued)

Professional services

Revenue is generated from implementation and customisation services, consulting and training. These services are often reflected in separate contracts from license contracts but are evaluated together with the license agreement when signed at or near the same time because they share one commercial objective i.e. to implement a solution. Payment terms for professional services may be based on a time and materials basis, an upfront fixed fee, or fixed upon the achievement of milestones.

Implementation services and other professional services are typically considered distinct performance obligations. The company's professional services that are accounted for as distinct performance obligations and that are billed on a fixed fee basis are typically satisfied as services are rendered; thus, the company uses a cost-based input method, such as cost-to-cost or efforts expended via labour hours, which reflects the transfer of those services. If the services are short term in nature (less than 30 days) the company recognises revenue when the services are completed. For professional services that are distinct and billed on a time and materials basis, revenue is generally recognised using an output method that corresponds with the time and materials billed and delivered, which also is reflective of the transfer of tile services to the customer. Losses on contracts are recognised at the point a loss is foreseen by reference to estimated costs of completion.

When professional services involve significant complex customisation or modification of an underlying solution or offering: or if the services are complex and not available from a third-party provider and must be completed prior to a customer having the ability to benefit from a solution or offering, then such services are combined with the underlying software solution and are accounted for as a single performance obligation. Revenue is recognised as the professional services are provided through to customer acceptance consistent with the methods described above for professional services revenue.

Enhancement services

Many of our products that are offered as a license are also offered as a hosted solution. Hosting revenue is generated by way of an additional subscription fee payable to the company to provide a software hosting service. In these instances, the customer has the right to take possession of software during the term without a significant penalty and so the hosting is considered a distinct performance obligation from the license. Hosting fees are recognised on a straight-line basis over the term of the contract.

Cloud revenue

Cloud revenue is generated in hosting arrangements where the customer purchases a combined software and hosting arrangement but does not have the ability to take possession of the software during the term. Fees related to cloud solutions are provided on either a subscription or consumption basis. Revenue related to cloud services provided on a subscription basis is recognised straight-line over the contract period. Revenue related to cloud services provided on a transaction basis, is recognised as the access to the services is made available to the customer or transactions are incurred. Fees related to any non-distinct upfront administrative set-up activities are recognized over the enforceable cloud service term.

Contract acquisition costs

Incremental costs of obtaining a contract, such as sales commissions and agent fees, are capitalised if they are expected to be recovered. Incremental costs include only those costs that would not have been incurred if the contract had not been obtained. The Company has adopted a portfolio approach to account for contract acquisition costs. In any given month all such costs incurred are included in a product and term-based portfolio that applies a consistent average term to the amortisation period. The period of amortisation is based on historical contract terms which is materially consistent with the pattern of transfer of the good or service to which the asset relates.

2 Accounting policies (Continued)

Contract fulfilment costs

Costs to fulfil a contract include professional services internal and external costs and any license inputs purchased from third parties. These costs are capitalised where they relate to an identified specific contract, generate an asset for the company and they will be recovered over the course of the contract. Fulfilment contract costs are amortised over a period that is consistent with the pattern of transfer of the good or service to which the asset relates.

Contract modifications

Contract modifications occur when the company and its customers agree to modify existing customer contracts to change the scope or price (or both) of the contract or when a customer terminates some, or all, of the existing services provided by the company. When a contract modification occurs, it requires the company to exercise judgment to determine if the modification should be accounted for as: (i) a separate contract, (ii) the termination of the original contract and creation of a new contract, or (iii) a cumulative catch up adjustment to the original contract. Further, contract modifications require the identification and evaluation of the performance obligations of the modified contract, including the allocation of revenue to the remaining performance obligations and the period of recognition for each identified performance obligation.

Material rights

Options granted as part of a revenue contract to a customer, which are incremental to the range of discounts typically given for the goods or services, are considered a separate performance obligation for revenue recognition purposes. If the option provides a material right to the customer, the customer in effect is paying the company in advance for future goods or services and the associated revenue is recognised when the future good or service is transferred or when the option expires.

Existence of a significant financing component

When a contract includes a significant financing component as a result of an advance payment to the company, the accounting effect of the financing component increases the amount of revenue recognised, with a corresponding increase to interest expense as the customer is providing financing to Finastra. Conversely, when payments are in arrears, the adjustment for the financing component decreases the amount of revenue recognised with a corresponding increase to interest income as Finastra has provided financing to the customer. A significant financing component generally only arises on the most significant contracts where a customer pays upfront fees for professional services and / or licenses, but the company is delivering services over time.

Investments in subsidiaries

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss. Acquisition related costs are expensed as incurred.

Impairment of non-financial assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2 Accounting policies (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits held at call with banks.

Financial assets
Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specific categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost
Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

2 Accounting policies (Continued)

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs), for all debt instruments not held at fair value through the income statement. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the company applies a simplified approach in calculating 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. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the economic environment.

Intercompany receivables

All intercompany receivables are deemed to have a near zero expected credit loss.. In making this determination the Company has placed reliance on a letter of support received from Tahoe Bidco Limited (the group parent Company) whereby they have confirmed and will ensure that in relation to amounts owed by fellow subsidiaries that such subsidiaries have sufficient financial and other resources to satisfy any financial obligations created by such Intercompany payables they hold, as and when such obligations fall due and are called upon.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Trade and other payables

Trade, group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value, being the amount received from the counter party, less directly attributable transaction costs. After initial recognition, Interest is charged at rates outlined in the respective Intercompany agreements.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

2 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Foreign exchange

The financial statements are presented in euro, which is the functional currency of the company and the company's presentational currency. Each entity in the company determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are, on initial recognition, recorded in the functional currency of the entity at the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All exchange movements are included in the company's income statement for the period. Non-monetary items that are measured at historical cost in a currency other than the functional currency of the entity concerned are translated using the exchange rate prevailing at the dates of the initial transaction.

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Key sources of estimation uncertainty

Expected credit loss
The Company has placed reliance on a letter of support received from Tahoe Bidco Limited (the group parent Company) whereby they have confirmed and will ensure that in relation to amounts owed by fellow subsidiaries that such subsidiaries have sufficient financial and other resources to satisfy any financial obligations created by such intercompany payables they hold, as and when such obligations fall due and are called upon. Due to the group financing structure of the Group the Company has assessed Tahoe Bidco Limited's ability to provide this support if required and assumed the default risk on the receivables is therefore nil, based on the ability of the group as a whole to settle the loans to the various counterparties. If the group was not able to support these payments this would result in the full amount being impaired with an impact of €216,122,000 on the financial statements.

Valuation of investments
Management undertake an annual test for impairment of assets, including investments in subsidiaries, and to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area which may involve management judgement, requiring assessment as to whether the carrying value of assets can be supported by the fair value less costs to sell or net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

4 Revenue

An analysis of the company's revenue is as follows:

	2021	2020
	€000	€000
Revenue analysed by class of business		
License fees	4,396	3,637
Maintenance fees	509	884
Professional fees	2,841	2,252
Cloud/Hosting	187	-
	7,933	6,773

4 Revenue (Continued)

	2021 €000	2020 €000
Revenue analysed by geographical market		
United Kingdom	449	246
Rest of Europe	6,648	5,637
Rest of World	836	890
	7,933	6,773

	2021 €000	2020 €000
Timing of revenue recognition		
Revenue recognised at a point in time	2,971	2,500
Revenue recognised over time	4,962	4,273
	7,933	6,773

5 Employees

There were no employees of the company during the current or prior year.

6 Directors' remuneration

	2021 €000	2020 €000
Remuneration in respect of qualifying services to the Company	-	-
Remuneration in respect of qualifying services to Company's Subsidiaries	2,722	1,985
	2,722	1,985

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020: 3).
The number of directors who are entitled to receive shares under long term incentive schemes during the year was 5 (2020: 7).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 €000	2020 €000
Remuneration of highest paid director in respect of services provided to the Company's Subsidiaries	931	1,087

6 Directors' remuneration (Continued)

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to €nil (2020: €nil).

During the years ended 31 May 2021 and 2020, no director exercised any share options or received any shares under any long term incentive scheme.

7 Operating profit

	2021 €000	2020 €000
Operating profit for the year is stated after (crediting)/charging:		
Cost of goods sold/(received)	81	(98)
Foreign exchange (gains)/losses	(3,246)	655

Audit fees of €20,000 (2020: €18,000) have been borne by another group company and recharged by intercompany, no fees for other services were incurred in the current or prior year.

Foreign exchange differences recognised in the statement of comprehensive income during the year amounted to a gain of €3,246,000 (2020: a loss of €655,000).

8 Interest receivable and similar income

	2021 €000	2020 €000
Interest receivable from group companies	7,953	7,975
Income from shares in group undertakings	-	13
Total income	7,953	7,988

9 Interest payable and similar expenses

	2021 €000	2020 €000
Interest on financial liabilities measured at amortised cost:		
Interest payable to group undertakings	67,821	70,442

10 Taxation

	2021 €000	2020 €000
Current tax		
UK corporation tax on profits for the current year	-	-
Foreign tax (credit)/charge	(78)	84
	(78)	84

10 Taxation (Continued)

The total tax (credit)/charge for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2021 €000	2020 €000
Loss before taxation	(53,697)	(60,393)
Expected tax credit based on a corporation tax rate of 19.00% (2020: 19.00%)	(10,202)	(11,475)
Group relief for nil consideration	10,202	11,475
Overseas tax	(78)	84
Total tax (credit)/charge for the year	(78)	84

In March 2020 the corporation tax rate enacted was 19% and this has been applied for tax calculation in 2021. In March 2021 the Chancellor announced that the tax rate would increase to 25%, this has been substantively enacted and used in the measurement of deferred tax at reporting date.

As at 31 May 2021 there was an unrecognised deferred tax of €nil (2020: €nil -tax losses) in relation to unused tax losses, €50,970,741 (2020: €38,737,763) was in relation to unused capital losses and €532,181 (2020: €404,458) was in relation to future interest deduction. This deferred tax asset was not recognised as it is uncertain whether the Company would have sufficient future profits within the Group to utilise the tax losses.

11 Investments

	Non-current 2021 €000	2020 €000
Investments in subsidiaries	1,341,424	1,341,424
Other investments	216	398
	1,341,640	1,341,822

Detail of investments in subsidiaries

	2021 €000	2020 €000
Finastra Holdings Limited	1,341,424	1,341,424

Detail of other investments

	2021 €000	2020 €000
Accel Europe Limited Partnership	216	398

Provision for impairment in investments and intercompany receivables

Management reviews the balances held as investments and receivable balances with fellow group undertakings to assess for any impairment. Where there are insufficient net assets in the investment or group undertaking, management assess the likelihood of future profits, to determine whether an impairment exists.

11 Investments (Continued)

Movements in non-current investments

	Shares in group undertakings	Other investments other than loans	Total
	€000	€000	€000
Cost or valuation			
At 1 June 2020	1,341,424	398	1,341,822
Disposals	-	(182)	(182)
At 31 May 2021	1,341,424	216	1,341,640
Carrying amount			
At 31 May 2021	1,341,424	216	1,341,640
At 31 May 2020	1,341,424	398	1,341,822

Impairment review

FRS 101 requires management to undertake an annual test for impairment of assets, including investments in subsidiaries, and to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the fair value less costs to sell or net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate.

The first test that management has applied with regards to impairment test for investments in subsidiaries is the net assets test. In the event that the carrying value of the investment exceeded the net assets of the investment, future cashflows were derived from the latest financial information for those specific investments.The net assets of Finastra Holdings Limited were greater than the carrying value of the investment as at 31 May 2021 accordingly the Directors consider no impairment is required.

FINASTRA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

12 Subsidiaries

Details of the company's subsidiaries at 31 May 2021 are as follows:

Direct subsidiary undertakings

Name of undertaking	Registered office	Ownership interest (%)
Finastra Holdings Limited	Four Kingdom Street, Paddington, London, W2 6BD	100.00
ACT Pension Trustees Limited (in liquidation)	Four Kingdom Street, Paddington, London, W2 6BD	100.00
Finastra MKI Australia Pty Limited	Citigroup Centre, Suite 18F, Level 18, 226 Park Street, Sydney NSW 2000, Australia	100.00

Indirect subsidiary undertakings

Name of undertaking	Registered office	Ownership interest (%)
Finastra Europe S.à r.l	53, Boulevard Royal, L-2449, Luxembourg	100.00
Misys International Systems - Informatica Unipessoal Limitada	Avenida Duque d'Ávila nº 46, 3º andar 'C', 1050-083 Lisboa, Portugal	100.00
Finastra South Africa (Pty)	144 Oxford Road, 7th Floor, Rosebank, Sandton, 2196, South Africa	100.00
Finastra International Limited	Four Kingdom Street, Paddington, London, W2 6BD	100.00
Misys International Banking Systems Limited (formerly Finastra International Pty)	2800 Park Place, 666 Burrard Street, Vancouver BC V6C 2Z7, Canada	100.00
Misys International Banking Systems K,K	Yurakucho ITOCIA Level 12, 2-7-1 Yurakucho, Chiyoda-ku, Tokyo, 100-0006, Japan	100.00
Misys International Banking Systems A.G. merged with Finastra Switzerland GmbH on 30 Auhust 2021	c/o Finastra Switzerland GmbH, Baderstrasse 29, 5400, Baden, Switzerland	100.00
Misys Netherlands Global B.V.	Herikerbergweg 238, 1101CM, Amsterdam, Zuidoost, Netherlands	100.00
Misys India Holdings Limited	Four Kingdom Street, Paddington, London, W2 6BD	100.00
Misys Africa Limited	Four Kingdom Street, Paddington, London, W2 6BD	100.00
Finastra (Thailand) Limited (note1)	Central Tower, Level 12 4,4/5, Rajdamri Road, Pathumwan, Bangkok, Thailand	99.90
Finastra Italy S.r.l.	Corso Vercelli 40, 20145, Milano, MI, Italy	100.00
PT Finastra International Financial Systems (formerly PT Misys International Financial Systems) (note 1)	Office 1220, 49th Floor, Equity Tower, Jalan Jenderal Sudirman, Kavling 52-53 (SCBD), Jakarta, 12190, Indonesia	99.00
Finastra Global Operations Limited	Four Kingdom Street, Paddington, London, W2 6BD	100.00

FINASTRA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2021

12 Subsidiaries (Continued)

Name of undertaking	Registered office	Ownership interest (%)
Misys Spain S.L.	Edificio Mapfre, Avendia de Burgos, n° 12, 3° planta 28036, Madrid, Spain	100.00
Finastra Romania S.R.L. (note 1)	Orchideea Towers, Strada Orhideelor nr. 15A Etajele 2, 3 si4, Sector 6, Bucuresti, Romania	95.00
Finastra UK Limited	Four Kingdom Street, Paddington, London, W2 6BD	100.00
Misys Poland SP zoo	At pl. Pilsudskiego 1, IVth floor, 00-078 Warsaw, Poland	100.00
Finastra Hungary Kft.	1062 Budapest, Váci út 1-3 "A" Tower 6th floor, Hungary	100.00
DH Corporation/ Societe DH	C/o.TMF Canada Inc., 1 University Avenue, 3rd Floor, Toronto ON M5J 2P1, Canada	100.00
D+H Finance S.à r.l. (dissolved 31/10/2020)	287-289, route d'Arlon, L-1150 Luxembourg	100.00
Finance Information et Technologie SAS	Washington Plaza 42, rue Washington, 755008 Paris, France	100.00
Finastra France SAS	Washington Plaza 42, rue Washington, 755008 Paris, France	100.00
Finastra Software Solutions (India) Private Limited	Virgo Building, Bagmane Constellation Business Park, Outer Ring Road, Doddanekundi, Bengaluru Karnataka, 560037, India	100.00
Finastra International Financial Systems, S.L	Edificio Mapfre, Avendia de Burgos, no 12, 3 Planta, 28036, Madrid, Spain	100.00
Misys Egypt LLC	10, 26th of July Street - Downtown, Third Floor, Cairo, Egypt	100.00
Sophis Servicos De Tecnolgia Ltda	Rua Olimpíadas, 205, 4° andar conjunto 44, salas 401, 403, 404 e 405 Vila Olimpia, São Paulo-SP CEP 04551-000, Brazil	100.00
Finastra Morocco S.à r.l. (note 1)	Zénith Millenium, Imm.1 Lot Attaoufik, Sidi Maârouf Casablanca, Morocco 2000, Morocco	99.90
Finastra Ireland Limited (liquidated 17 May 2021)	East Point Business Park, Dublin 3, Ireland	100.00
Finastra International GmbH	Hedderichstraße 36, 60594, Frankfurt, Germany	100.00
Finastra International Pty Limited	Citigroup Centre, Suite 18F, Level 18 2-26 Park Street, Sydney NSW 2000 Australia	100.00
Finastra Philippines, Inc (formerly Misys Philippines Inc) (note 2)	15th to 17th Floor, Glas Tower Opal Road corner Ruby Road, Ortigas Center, Pasig City, 1605, Philippines	99.90
Finastra Hong Kong Limited	31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay Hong Kong	100.00
Finastra Technology (Beijing) Limited (formerly Misys International Financial Systems Technology (Beijing) Limited)	Room 4B&5-7, Level 2, Tower W1, The Towers, Oriental plaza, No.1 East Chang An Avenue, Dong Cheng District, Beijing China	100.00

12 Subsidiaries (Continued)

Name of undertaking	Registered office	Ownership interest (%)
Finastra Malaysia Sdn Bhd	10th Floor, Menara Hap Seng, No.1 & 3 Japan P Ramlee 50250 Kuala Lumpur, Malaysia	100.00
Finastra Technology, Inc.	285 Madison Avenue, 4th floor New York NY 10017, United States	100.00
Misys International Banking Systems Mexico S.A. DE CV	Lago Alberto 442 Int. 404 Suite 573, Col. Anahuac I Secc., Miguel Hidalgo, Ciudad de Mexico, Mexico, CP 11320, Mexico	100.00
Finastra Saudi Arabia Limited (note 1)	Kingdom Centre Tower, 28th Floor, Office 1425, PO Box 230888, Riyadh, 11321, KSA, Saudi Arabia	90.00
Finastra USA, Inc.	Corporation Trust Center, 1209 Orange Street Wilmington, New Castle DE 19801 United States	100.00
D+H USA Holdings LLC	Corporation Trust Center, 1209 Orange Street Wilmington, New Castle DE 19801 United States	100.00
Finastra USA Corporation	CT Corporation System, Attn Legal Department, 1320 SW Broadway, Suite 100, Portland, Oregon, 97301	100.00
Fundtech Investments II, Inc.	Corporation Trust Center, 1209 Orange Street Wilmington, New Castle DE 19801 United States	100.00
US FT Parent: Inc.	Corporation Trust Center, 1209 Orange Street Wilmington, New Castle DE 19801 United States	100.00
D+H Investments S.a r.l.	287 289, Route d'Arlon, L 1150, Luxembourg	100.00
Finastra Financial Technology Corporation	Corporation Trust Center, 1209 Orange Street Wilmington, New Castle DE 19801 United States	100.00
BServ Investments, Inc.	Corporation Trust Center, 1209 Orange Street Wilmington, New Castle DE 19801 United States	100.00
Finastra Merchant Services, Inc	C T Corporation System 701 S Carson St STE 200 Carson City NV 89701 United States	100.00
World Trade Board Limited	Four Kingdom Street, Paddington, London, W2 6BD	100.00
Fundtech UK Limited (dissolved 21 October 2020)	Four Kingdom Street, Paddington, London, W2 6BD	100.00
Fundtech FSC Limited.	Four Kingdom Street etc	100.00
Accountis Europe Ltd	Four Kingdom Street, Paddington, London, W2 6BD	100.00
Tricura Canada Inc	TMF Canada Inc., 1 University Avenue, 3rd Floor, Toronto ON M5J 2P1, Canada	100.00
1119614 B.C. ULC	C/O TMF Canada Inc., 777 Dunsmuir Street, Suite 1700, Vancouver BC V7Y 1K4, Canada	100.00
1119607 B.C. Ltd	1600 925 West Georgia Street, Vancouver, BC V6C 3L2, Canada	100.00
D+H Cheque Services Corporation	C/O TMF Canada Inc., 777 Dunsmuir Street, Suite 1700, Vancouver BC V7Y 1K4, Canada	100.00

FINASTRA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2021

12 Subsidiaries (Continued)

Name of undertaking	Registered office	Ownership interest (%)
D+H Mortgage Technology Corporation	C/O TMF Canada Inc., 777 Dunsmuir Street, Suite 1700, Vancouver BC V7Y 1K4, Canada	100.00
D+H Shared Services Corporation	C/O TMF Canada Inc., 777 Dunsmuir Street, Suite 1700, Vancouver BC V7Y 1K4, Canada	100.00
D+H Software Corporation	C/O TMF Canada Inc., 777 Dunsmuir Street, Suite 1700, Vancouver BC V7Y 1K4, Canada	100.00
Finastra Israel Holdco Ltd.	5th Floor, 10 Hamada Street,Herzliya, 4673344, Israel	100.00
D+H Financial Technology Limited (liquidated 19 July 2021)	8th Floor, Block E Iveagh Court, Harcourt Road. Dublin, 2, Ireland	100.00
Finastra Financial Technology Israel Ltd (merged on 30th September 2020 with Finastra Israel Technology Limited)	1 Atirey Yeda St., Kfar Saba, 4464301, Israel	100.00
D+H Solutions India Private Limited	6A, Sixth Floor, Plot 2. Leela Infopark, Technopark, Trivandrum Kerala, 695581 India	100.00
Finastra Israel Technology Limited	1 Atirey Yeda St., Kfar Saba 4464301, Israel	100.00
Fundtech India Private Limited	1/F, Shiv Sagar Estate, Dr. Annie Besant Road, Worli, Mumbai, 400018, India	100.00
Finastra Switzerland GmbH	Bäderstrasse 29. 5400, Baden, Switzerland	100.00
Fundtech Financial Messaging Ltd	Four Kingdom Street, Paddington, London, W2 6BD	100.00
Finastra Financial Technology Germany GmbH	HedderichstraBe 36, 60594. Frankfurt am Main, Germany	100.00
Finastra Muscat LLC (Incorporated 25 June 2020) (note 1)	Office #205, Maktabi -1, 2nd Floor Near Zakher Mall - Al Khuwair, Behind OHI, PO Box 1982, PC 111, CPO, Muscat, Sultanate of Oman	99.00

The class of share capital held for all the above undertakings are ordinary shares.

Notes

1. The remaining shareholding is owned by other group undertakings
2. The remaining shareholding is owned by five companies within the Group holding 0.0007% each

13 Contracts with customers

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2021 €000	2020 €000
Contracts in progress at the reporting end date		
Contract receivables included in trade and other receivables	1,327	755
Contract assets	1,228	777

13 Contracts with customers (Continued)

Analysis of contract assets	**2021**	**2020**
	€000	**€000**
Accrued income - contract assets included in trade & other receivables	1,228	777

Payment terms and conditions in customer contracts may vary. In some cases, customers pay in advance of the delivery of solutions or services; in other cases, payment is due as services are performed or in arrears following the delivery of the solutions or services. Differences in timing between revenue recognition and invoicing result in trade receivables, contract assets, or contract liabilities in the statement of financial position.

Contract assets refers to accrued income and arises when revenue is recognized, but invoicing is contingent on performance of other performance obligations or on completion of contractual milestones. Contract assets are transferred to receivables when the rights become unconditional, typically upon invoicing of the related performance obligations in the contract or upon achieving the requisite project milestone.

Analysis of contract liabilities	**2021**	**2020**
	€000	**€000**
Deferred income - contract liabilities	3,940	2,881

Contract liabilities refer to deferred income and results from customer payments in advance of the satisfaction of the associated performance obligations and relates primarily to prepaid maintenance or other recurring services. Deferred income is released as revenue is recognised.

Revenue recognised in the year that was included in the contract liability balance at the beginning of the year was €2,881,000 (2020: €2,039,000).

14 Transaction price allocated to the remaining performance obligations

The total amount of consideration allocated to unsatisfied performance obligations is €12,167,000 (2020: €10,464,000). We expect to recognise approximately €3,067,000 (2020: €2,638,000) in the next 12 months, €3,514,000 (2020: €3,022,000) in 1 to 3 years and the remainder after 3 years or more time.

The amount represents our best estimate of contractually committed revenues that are due to be recognised as we satisfy the contractual performance obligations in these contracts. A large proportion of the company's revenue is transactional in nature and these amounts are excluded unless there is a minimum commitment amount (a floor) in which case the floor value is included. A significant amount of the company's maintenance revenue is billed annually in advance and has to be renewed each year. In such cases only the current invoiced amount remaining to be recognised as revenue is included until the date of renewal when a full year will be captured.

15 Trade and other receivables

	Current		Non-current	
	2021	2020	2021	2020
	€000	€000	€000	€000
Trade receivables	1,327	755	-	-
Expected credit loss	(36)	(87)	-	-
	1,291	668	-	-
Contract assets (note 13)	1,215	539	13	238
Other receivables	95	-	-	-
Amounts owed by fellow group undertakings	640	503	215,482	206,671
	3,241	1,710	215,495	206,909

As at 31 May 2021, trade receivables of €726,000 (2020: €95,000) were aged more than 30 days but not impaired. These relate to a number of customers for whom there is no recent history of default and where commercial discussions led management to conclude that it remains likely that the customer will pay without concessions from the company. There is no significant concentration of outstanding customer receivables which is considered a heightened risk factor by management.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

The fair value of trade and other receivables approximates book value due to the short-term maturities associated with these items.

Included in the above balance for non-current amounts owed by group undertakings are unsecured loan notes issued by other companies. Details of the companies who the loan notes have been issued by along with the respective interest rates the loan notes attracted are as follows:

Company	Balance	Balance	Interest rate	Interest rate
	2021	2020	2021	2020
	€000	€000	%	%
Misys International Limited	214,443	206,490	4.29	4.29

The above loan notes have a maturity date of 13 December 2024.

The remaining balance owed to the Company by group undertakings of €1,039 (2020: €181,000) is unsecured and repayable on demand and the Company does not expect to seek or receive payment for at least 12 months from 31 May 2021.

FINASTRA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2021

16 Trade and other payables

	Current 2021 €000	Current 2020 €000	Non-current 2021 €000	Non-current 2020 €000
Amounts owed to fellow group undertakings	19,537	57,097	1,721,930	1,622,417
Accruals	383	72	-	-
	19,920	57,169	1,721,930	1,622,417

Included in the above balance for non-current amounts owed to fellow group undertakings are unsecured loan notes issued by the company. Details of the companies who the loan notes have been issued to along with the respective interest rates attracted are as follows:

Company	Maturity date	Balance 2021 €000	Balance 2020 €000	Interest rate 2021 %	Interest rate 2020 %
Finastra Europe Sarl	13 December 2024	526,893	533,663	4.29	4.29
Finastra Europe Sarl	31 December 2024	873,176	880,122	4.29	4.29
		1,400,069	1,413,785		

The loan notes were listed on the Cayman Islands Stock Exchange on 30 August 2017.

The other amounts owed to group undertakings of €341,398,081 (2020: €265,729,424) are unsecured and repayable on demand. However, the Tahoe Bidco Group have confirmed in writing on behalf of the counterparties that payment of €321,860,774 (2020: €208,632,000) will not be required to be repaid by Finastra Europe Limited at least 12 months from the date of the financial statements so these amounts are classified as non-current liabilities. Of the other amounts owed to group undertakings, an amount of €327,266,388 (2020: €252,713,167) has attracted interest at a floating rate ranging from 0.43% to 4.65% (2020: 4.51% to 4.83%) for Euro loans and 1.17% to 5.33% (2020: 5.54% to 7.48%) for USD loans during the year.

17 Called up share capital

	2021 €000	2020 €000
Ordinary share capital		
Issued and fully paid		
7,654,123 (2020: 7,654,123) Ordinary shares of £1 each	9,075	9,075

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

18 Reserves

Translation reserve
The translation reserve represents amounts arising as a result of translating financial statement items from the functional currency into the presentation currency. The translation reserve was recognised at 31 May 2018 due to a change of presentational currency from USD to EUR on 1 June 2017. There has been no movement in this reserve since it was recognised to date.

Retained earnings
Retained earnings represents cumulative profits, losses and total other recognised gains or losses made by the company, including distributions to, and contributions from, the owners.

19 Contingent liabilities

On 13 June 2017 as part of the combination with D+H, Vista Equity Partners, the Finastra Group's ultimate controlling party arranged for new external debt finance to refinance its existing debt and provide funding for the acquisition of D+H.

At the year-end, the Company, together with several other wholly owned subsidiaries of the Group also guaranteed the main credit facilities of the Group. The credit facilities consist of a $3,582.0m (2020: $3,582.0m) and €940.0m (2020: €940.0m) First Lien Term Loans, a $1,245.0m (2020: $1,245.0m) Second Lien Term Loan, and a Multi-Currency Revolving Credit Facility ("new RCF") totaling $400.0m (2020: $400.0m). The First Lien Term loans mature on 13 June 2024, the Second Lien Term loan matures on June 13, 2025, and the RCF has been renewed until 2024 at $375.0m. Under the credit facilities, there is a fixed and floating charge over all the assets of the company, as well as a negative pledge over the assets.

Net Group finance costs were $531.1m (2020: $532.6m), predominantly reflecting interest costs on term loans related to $3,582.0m and €940.0m First Lien Term Loans, $1,245.0m Second Lien Term Loan and $875.0m of Series A Preference Shares. The associated interest on the facilities was $475.4m (2020: $496.1m) of total finance costs with the cost of financing decreasing as the year progressed and interest rates being lower compared to the prior year, for US-Dollar-denominated debt. The Group has entered into cross-currency and interest rate swaps to mitigate the risk of fluctuations in the interest rate and foreign exchange. Further details on derivative financial instruments are available in the Tahoe Bidco Group accounts.

Contingent liabilities that are quantifiable generally arise from guarantees, letters of credit and bonds that have been issued in support of tenders submitted to prospective customers. There were no such commitments for the company as at the reporting date.

The company and its subsidiaries may be parties to legal actions and claims arising in the ordinary course of business. Whilst the outcome of current outstanding actions and claims remains uncertain, it is expected that they will be resolved without a material impact to the company's financial position.

The company considers that it is remote that any material liabilities will arise from any other contingent liabilities which are not identified above.

FINASTRA EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2021

20 Controlling party

The company's immediate parent company is Finastra Group Holdings Limited, whose registered office address is Four Kingdom Street, Paddington, London, W2 6BD.

The parent company of the smallest group in which the Company is included in consolidated financial statements is that of Finastra Limited, a Company incorporated in the Cayman Islands. Copies of the consolidated financial statements of Finastra Limited may be obtained from Finastra Group Secretariat, Four Kingdom Street, Paddington, London W2 6BD.

The parent company of the largest group in which the Company is included in consolidated financial statements is that of Tahoe Bidco Limited, a Company incorporated in the Cayman Islands. Copies of the consolidated financial statements of Tahoe Bidco Limited may be obtained from Finastra Group Secretariat, Four Kingdom Street, Paddington, London W2 6BD.

The ultimate parent company and ultimate controlling party is Vista Equity Partners, incorporated in the United States of America.