

Finastra Global Operations Limited

Report and Financial Statements

For The Year Ended

31 May 2019

Company Number 02698761



Finastra Global Operations Limited

Company Information

Directors	N Blagden S Dowler K Metzroth S Pemble T Schloesser
Registered number	02698761
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
Country of incorporation	England and Wales

Finastra Global Operations Limited

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Finastra Global Operations Limited

Directors' Report For the Year Ended 31 May 2019

The Directors present their Annual Report together with the audited financial statements of Finastra Global Operations Limited ("the Company") for the year ended 31 May 2019.

The Directors have taken advantage of the small companies' exemption from the requirement to prepare a Strategic report.

Principal activities

The principal activity of the Company is to supply computer software, marketing services and consultancy services to the international banking and financial trading markets. The Company conducts most of its business through branches in Asia.

Future developments

The Company's current performance is expected to continue throughout the next financial year.

Subsequent events

The outbreak of Coronavirus Disease 2019 in early 2020 (the "COVID-19 pandemic") has affected businesses and economic activities to varying extents. Management have performed an extensive assessment of the Group's ability to meet supplier and employee obligations, implementing new revenue collectability measures, ensuring existing revenues are collected etc. In addition, the Group is closely monitoring the development of the COVID-19 pandemic and its related impact on the Company's businesses. This outbreak constitutes a post-closing event, with no impact on the carrying values of the Company's assets and liabilities for the financial statements for the year ended 31 May 2019. As at the date of these financial statements, the Company is not aware of any material impact on the financial statements arising from the COVID-19 pandemic.

Apart from the COVID-19 pandemic, no other subsequent events have occurred after 31 May 2019 until the date of signing these financial statements.

Results and dividends

The Company's profit before tax for the financial year amounted to £247,000 (2018: loss of £126,000). No interim dividend was paid during the year (2018: £nil). The Directors do not recommend the payment of a final dividend (2018: £nil). The results of the Company for the year are set at on page 7.

The improved performance for the financial year was driven by an increase in maintenance revenue of £319,000 to £2,521,000 and an increase in intra-group recharges of £340,000 to £1,371,000, partially offset by a reduction in professional services revenue of £287,000 to £400,000.

Net liabilities of the Company increased by £23,000 during the year, from £2,568,000 as at 31 May 2018 to £2,591,000 as at 31 May 2019. This increase was driven by the loss for the financial year after tax, partially offset by exchange differences on translation of foreign operations.

Going concern

The Company made a loss for the financial year. A letter of support has been received from the intermediate parent company, Finastra 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 this report. Accordingly, the Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Overseas branches

The Company operates through overseas branches in South Korea, Taiwan and Russia.

Finastra Global Operations Limited

Directors' Report (continued) For the Year Ended 31 May 2019

Charitable and political donations

There were no charitable or political donations made in the year ended 31 May 2019 (2018: £nil) and the Company did not incur any political expenditure (2018: £nil).

Financial risk management

The Company is exposed to a variety of financial risks including foreign exchange currency risk, credit risk and liquidity risk.

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 future commercial transactions and recognised assets and liabilities are denominated in currencies that are not the Company's functional currency.

The Group's net exposure to foreign currency risk is illustrated by the sensitivity analysis in note 28 of the Group's Annual Report.

Credit risk

The Company's principal financial assets are cash and cash equivalents, and trade, other and 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 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 deposits are limited to high quality financial institutions.

Liquidity risk

The Company currently has no requirements for external debt finance; sufficient funds for operations are maintained at Group level.

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

Directors

The following Directors served during the year and up to the date of signing these financial statements:

N Blagden (appointed 1 July 2020)
S Dowler (appointed 11 November 2018)
T Homer (resigned 30 June 2018)
J Hughes (appointed 30 June 2018, resigned 24 February 2020)
C Jehle (resigned 18 May 2019)
T Kilroy (resigned 30 June 2020)
D Leigh (appointed 18 May 2019, resigned 29 November 2019)
K Metzroth (appointed 31 January 2020)
S Pemble (appointed 24 February 2020)
T Schloesser (appointed 23 January 2019)
J Van Harken (appointed 31 July 2014, resigned 23 January 2019)

Directors' indemnities

All Directors have been granted an indemnity by the intermediate parent company, Tahoe Bidco Limited, to the extent permitted by law in respect of certain liabilities incurred as a result of their office in associated companies.

Finastra Global Operations Limited

Directors' Report (continued) For the Year Ended 31 May 2019

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 for the purposes of the Companies Act 2006 which was made during the financial year and remains in force at the date of approval of this report.

Directors' Responsibilities Statement

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

The Companies Act 2006 ("CA 2006") requires the Directors to prepare financial statements for each financial year. Under CA 2006 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 CA 2006 the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- 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 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 to enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to Auditors

Each Director who is a Director of the Company at the date of approval of these financial statements confirm that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent Auditors

PricewaterhouseCoopers LLP, have expressed their willingness to continue in office and be deemed to be reappointed as Auditors under Section 487(2) of the Companies Act 2006.

Finastra Global Operations Limited

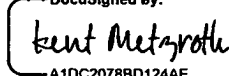
Directors' Report (continued) For the Year Ended 31 May 2019

Small companies exemption

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The Company has also taken the exemption not to prepare a Strategic report.

Approved by the Board and signed on its behalf by:

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Kent Metzroth
Director

Date: 31 July 2020

Independent auditors' report to the members of Finastra Global Operations Limited

Report on the audit of the financial statement

Opinion

In our opinion, Finastra Global Operations Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2019 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 Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 May 2019; the statement of comprehensive income, and 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.

Conclusions relating to going concern

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

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

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

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 Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included. Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Finastra Global Operations Limited (continued)

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 May 2019 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 Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements 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.

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.

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 received 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Matthew Haverson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
3 August 2020

Finastra Global Operations Limited

Statement of Comprehensive Income For the Year Ended 31 May 2019

	Note	2019 £000	2018 £000
Revenue	4	4,292	3,920
Cost of sales		(1,202)	(1,050)
Gross profit		3,090	2,870
Administrative expenses		(2,618)	(2,819)
Operating profit	8	472	51
Interest receivable and similar income	11	3	9
Interest payable and similar expenses	12	(228)	(186)
Profit/(loss) before tax		247	(126)
Tax on profit/(loss)	13	(697)	(181)
Profit/(loss) for the financial year		(450)	(307)
Amounts that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		427	(108)
Total other comprehensive income/(expense) for the year		427	(108)
Total comprehensive income/(expense) for the year		(23)	(415)

All amounts relate to continuing activities.


The notes on pages 10 to 31 form part of these financial statements.

Finastra Global Operations Limited
Registered number: 02698761

Balance Sheet
As at 31 May 2019

	Note	2019 £000	2018 £000
Non-current assets			
Property, plant and equipment	14	51	34
Trade and other receivables: amounts falling due after more than one year	15	61	276
		<u>112</u>	<u>310</u>
Current assets			
Trade and other receivables: amounts falling due within one year	15	2,881	2,204
Cash at bank and in hand		903	244
		<u>3,784</u>	<u>2,448</u>
Current liabilities			
Trade and other payables: amounts falling due within one year	16	(2,335)	(2,300)
		<u>1,449</u>	<u>148</u>
Net current assets		<u>1,561</u>	<u>458</u>
Non-current liabilities			
Trade and other payables: amounts falling due after more than one year	16	(4,152)	(3,026)
		<u>(2,591)</u>	<u>(2,568)</u>
Net liabilities		<u>(2,591)</u>	<u>(2,568)</u>
Capital and reserves			
Called up share capital	17	-	-
Translation reserve	18	(97)	(524)
Accumulated losses	18	(2,494)	(2,044)
Total shareholders' deficit		<u>(2,591)</u>	<u>(2,568)</u>

The financial statements on pages 7 to 31 were approved and authorised by the Board and were signed on its behalf by:


Kent Metzroth
Director

Date 31 July 2020

The notes on pages 10 to 31 form part of these financial statements.

Finastra Global Operations Limited

Statement of Changes in Equity For the Year Ended 31 May 2019

	Called up share capital	Translation reserve	Accumulated losses	Total shareholders' deficit
	£000	£000	£000	£000
At 1 June 2017	-	(416)	(1,737)	(2,153)
Comprehensive expense for the year				
Loss for the financial year	-	-	(307)	(307)
Exchange differences on translation of foreign operations	-	(108)	-	(108)
Total comprehensive expense for the year	-	(108)	(307)	(415)
At 1 June 2018	-	(524)	(2,044)	(2,568)
Comprehensive income for the year				
Loss for the year	-	-	(450)	(450)
Exchange differences on translation of foreign operations	-	427	-	427
Total comprehensive income for the year	-	427	(450)	(23)
At 31 May 2019	-	(97)	(2,494)	(2,591)

The notes on pages 10 to 31 form part of these financial statements.

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

1. General information

The Company is a private company limited by shares, domiciled in the United Kingdom. The Company is incorporated in England and Wales and its registered address is Four Kingdom Street, Paddington, London, W2 6BD. The nature of the Company's operations and its principal activities are set out in the Directors' Report on page 1.

2. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, Financial Reporting Standard 100 'Application of Financial Reporting Requirements' ("FRS 100") and Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

Financial Reporting Standard 101 - reduced disclosure exemptions

In preparing these financial statements the Company has taken advantage of all relevant disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel;
- disclosure of related party transactions with other wholly owned members of the group headed by Tahoe Bidco Ltd;
- the presentation of a third statement of financial position from retrospective application of a new standard;
- significant judgements, and changes in the judgements, made in applying IFRS 15; and
- certain disclosures regarding contracts with customers, contract balances and performance obligations under IFRS 15.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Tahoe Bidco Ltd, these financial statements do not include certain disclosures in respect of:

- financial instruments; and
- impairment of assets.

The financial statements of Tahoe Bidco Ltd can be obtained as described in note 21.

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

2. Accounting policies (continued)

Changes in accounting policies and disclosures

New standards and interpretations applied for the first time

IFRS 9 - Financial instruments

The only notable new standard applied for the first time is IFRS 9 which has been applied from 1 June 2018. IFRS 9 provides a new expected losses impairment model for financial assets, including trade receivables, intercompany receivables and includes amendments to classification and measurement of financial instruments. An accounting policy choice is available with regards to applying the new hedge accounting requirements or retaining International Accounting Standards ('IAS') 39 Financial instruments: recognition and measurement. The Company has elected to retain IAS 39.

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 June 2018 resulted in changes in accounting policies and no adjustments to the amounts recognised in the financial statements. The new accounting policies are set out below.

The Company's use of financial instruments is limited to short-term trading balances such as receivables and payables and borrowings. No changes have arisen on payables or borrowings.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets (accrued income within other receivables).

Intercompany trading balances are initially recognised at fair value being the invoiced amount and are subsequently measured at amortised cost using the effective interest rate method less provision for impairment.

Intercompany loans, whether informal or formal, are also recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method less provision for impairment. Provisions are assessed by evaluating the credit risk of the counterparty and the ability of the counterparty to settle the amounts due in accordance with the terms of the loan. The ability of a related party to repay amounts due is a critical accounting estimate given the materiality of the balance.

Intercompany loans and balances are assessed using the IFRS 9 general model approach which requires an assessment of the probability of default and potential loss scenarios were a default to occur.

The Finastra Group treasury strategy, availability of funds, and management intentions are all considered. In addition, the counterparty liquidity and financial position are critically evaluated, including an assessment of any improving or deteriorating financial position, to ensure amounts due can be collected. The Company has not identified any material impact from the adoption of IFRS 9 on intercompany balances and no impairment charge has been recorded.

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

2. Accounting policies (continued)

Going concern

The Company made a loss for the financial year. A letter of support has been received from the intermediate parent company, Finastra 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 this report. Accordingly, the Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Revenue from Contracts with Customers

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.

In all product offerings the Company may offer roadmap accelerators (RA) to customers. This is a fee to accelerate the timing of a specific feature or functionality on the product roadmap that once developed will be available to the general customer base. The revenue is recognised at the time the feature or functionality is delivered.

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 the services to the customer. Losses on contracts are recognised at the point a loss is foreseen by reference to estimated costs of completion.

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

2. Accounting policies (continued)

Revenue from Contracts with Customers (continued)

Professional services (continued)

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 revenues.

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 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 recognised 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.

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.

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

2. Accounting policies (continued)

Revenue from Contracts with Customers (continued)

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.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the cost attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated on a straight-line basis to write off the cost, less estimated residual value of each asset, over its expected useful life. The residual values and useful economic lives of property, plant and equipment are reviewed annually.

The useful lives by major class of asset applied from the date of purchase are:

Computer equipment	-	4 - 15 years
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Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

2. Accounting policies (continued)

Impairment of non-financial assets

All non-current assets are tested for impairment whenever events or circumstances indicate that their carrying value may be impaired. Additionally, capitalised development expenditure relating to a product that is not yet in full production are subject to an annual impairment test.

An impairment loss is recognised in the Company's Statement of Comprehensive Income to the extent that an asset's carrying value exceeds its recoverable amount, which represents the higher of the asset's net realisable value and its value in use. An asset's value in use represents the present value of the future cash flows expected to be derived from the asset or from the cash generating unit to which it relates. The present value is calculated using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset concerned.

Impairment losses recognised in previous periods for an asset other than goodwill are reversed if there has been a change in the estimates used to determine the asset's recoverable amount, but only to the extent that the carrying amount of the asset does not exceed its carrying amount had no impairment loss been recognised in previous periods. Impairment losses in respect of goodwill are not reversed.

Trade receivables

Trade receivables are initially recognised at fair value, which is usually the original invoice amount and are subsequently measured at amortised cost using the effective interest rate method less provision for impairment. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

On the Company Balance Sheet, bank overdrafts are shown within borrowings in current liabilities.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Trade payables

Trade payables are recognised initially at fair value, which is usually the original invoice value, and subsequently measured at amortised cost using the effective interest method. If payment is due within one year or less, payables are classified as current liabilities, if not, they are presented as non-current liabilities.

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

2. Accounting policies (continued)

Interest-bearing loans and other borrowings

All interest-bearing loans and other borrowings with banks and similar institutions are initially recognised at fair value net of directly attributable transaction costs. After initial recognition, interest-bearing loans and other borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, discount or premium. The difference between the proceeds (net of directly attributable transaction costs) and the redemption value is recognised in the Company income statement, within finance costs, over the period of the borrowings. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Taxation

Taxation comprises current and deferred tax. Tax is recognised in the Company's Statement of Comprehensive Income except to the extent that it relates to items recognised directly in shareholders' equity, in which case it too is recognised in shareholders' equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, along with any adjustment to tax payable in respect of previous years. Taxable profit differs from net profit as reported in the Company's Statement of Comprehensive Income because it excludes items that are never taxable or deductible.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and is accounted for using the Balance Sheet liability method, apart from the following differences which are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates and laws, which are expected to apply in the year when the liability is settled, or the asset is realised. Deferred tax assets are only recognised to the extent that recovery is probable.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and these relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or these tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company considers the impact of uncertain tax positions and whether additional taxes, penalties and interest may be due. Amounts recorded are based on the Company's best estimate of amounts to be paid.

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

2. Accounting policies (continued)

Foreign currency translation

The financial statements are presented in pound sterling, which is the functional currency of the Company and the Company's presentational currency. 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 Balance Sheet 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.

For presenting financial statements, the assets and liabilities of the Company's non-pound sterling functional currency subsidiary undertakings are translated into pound sterling at exchange rates prevailing at the Balance Sheet date. The results of these subsidiary undertakings are translated into pound sterling at the average rates of exchange for the relevant period.

Exchange adjustments arising from the retranslation of the opening net assets and results of non-pound sterling functional currency operations are transferred to the Company's foreign currency translation reserve, a separate component of equity, and are reported in other comprehensive income. In the event of the disposal of a non-pound sterling functional currency subsidiary, the cumulative translation difference arising in the foreign currency translation reserve is charged or credited on disposal to the Company's Statement of Comprehensive Income.

Employee benefits

The Company operates defined contribution pension schemes which cover the majority of its employees.

Contributions to defined contribution schemes are charged to the Company's Statement of Comprehensive Income as incurred.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and involves the payment of termination benefits.

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

2. Accounting policies (continued)

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys a right to use the asset or assets. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments are apportioned between finance charges and the reduction of the lease obligation to achieve a constant rate of return on the remaining balance of the liability. Payments under operating leases are charged to the Company's Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

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

Consistent with International Financial Reporting Standards, the Company makes estimates and assumptions concerning the future and in the application of accounting judgements. The Directors consider there to be no key estimates. The following items are the most significant areas of judgement in the financial statements.

Revenue recognition

The Company enters into revenue arrangements with customers to provide software solutions and software-related services such as cloud, hosting and maintenance, and related professional services either individually or as part of an integrated offering of multiple services. Revenue is recognised in accordance with the five-step model of IFRS 15 'Revenue from Contracts with Customers' and the following key judgements arise.

Contract existence and term

Certain criteria must be satisfied to recognise an arrangement as a revenue generating contract. Judgement arises when determining if an enforceable contract is in place. Where services are offered on a trial basis or the customer's ability and intention to pay are in doubt no revenue arrangement is deemed to exist and any monies received will be recognised as a liability until such time as a binding contract is in force or we have completed our obligations and no amounts received are refundable.

Where customers are granted a set term contract but are granted a right to terminate before the end of the term, a judgement is required on the enforceable term of the contract. Where the termination right is not considered substantive, this suggests that a shorter contract term should be considered. This judgement changes the total contract value assessed at inception for subsequent allocations and the value of revenue allocated to unsatisfied performance obligations.

Promises to a customer

At inception of the contract, the Company assesses the products and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a product or service (or bundle of products or services) that is distinct. - i.e., if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it on its own or with other resources that are readily available to the customer.

To identify performance obligations, the Company considers all the products or services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices.

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Revenue recognition (continued)

Promises to a customer (continued)

Judgement is required when determining which promises are distinct and which are not. Generally, the solutions and services sold follow a prescribed treatment and are consistently treated. However, this can vary by customer contract depending on the context of the contract and requires the evaluation of performance obligations for every contract. The judgement is significant because it can cause a significant change in the timing of revenue recognition.

In the financial services software industry, there are circumstances where the utility of core functionality of the licensed software would degrade significantly during the term of a licence if the vendor were not to fulfil its promise to provide updates for changes. Where the promise to provide software updates is critical to maintaining the functionality of the licensed software and these updates occur such that the core utility of the licensed software diminishes significantly during the licence term absent the updates being provided, then the licence and maintenance are viewed as a combined performance obligation for revenue recognition purposes.

These circumstances exist in situations where there is, effectively, a reasonable certainty that updates will be provided that are integral to the customer's ability to continue to derive substantive benefit from the software licence (i.e. its utility to the customer) throughout the licence period. The maintenance is viewed as critical where core functionality of the software relies on regular updates for i) financial transaction infrastructure changes (e.g. SWIFT/ACH) and/or ii) regulatory compliance reporting/functionality changes. In these cases, fees for the licence are therefore recognised over the term of the licence agreement or the committed maintenance period, whichever is longer. For perpetual agreements and contracts with terms greater than 10 years, over the life of the IP.

To inform this critical accounting judgement the Group has critically assessed the relationship between each license and its associated maintenance and considered how ongoing utility is delivered to our customers. There is broad mixture across our portfolio and this is reassessed periodically as our software changes over time.

Revenue to recognise 'The transaction price'

The Company's contracts with its customers frequently contains variable consideration. Variable consideration exists when the amount which the Company expects to receive in a contract is based on the occurrence or non-occurrence of future events, such as usage-based fees for hosting and cloud arrangements or tiered pricing offered through lower rate charges as clients move through tiers. Variable consideration is also present in certain transactions in the form of discounts, credits, price concessions, penalties, inflationary price rises and similar items.

The Company estimates variable consideration in its contracts primarily using the expected value or the most likely amount method. The Company develops estimates of variable consideration based on both historical information and current trends. Variable consideration included in the transaction price is constrained such that a significant revenue reversal is not probable. In addition, revenue is measured based on the consideration that the Company expects to receive in a contract with a customer.

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Revenue recognition (continued)

Allocation of revenue

Once the Company has determined the transaction price, the total transaction price is allocated to each performance using a standalone selling price ('SSP') methodology. The standalone selling price is the observable price at which the Company sells a promised good or service separately to a customer, or the estimated standalone selling price where sufficient standalone sales do not exist. The standalone selling price is estimated using all information that is reasonably available and maximising observable inputs with approaches including historical pricing, cost plus a margin or using a residual approach. SSPs are updated annually by reference to the prior year selling price history of each item.

This is a critical judgement because where items are sold below their SSP they are allocated revenue from the other solutions sold in a bundled arrangement.

Recognising revenue

The Company recognises revenue when, or as, it satisfies a performance obligation by transferring control of the good or service to a customer and is recognised net of any taxes collected from customers, which are subsequently remitted to governmental authorities.

The judgement of when to recognise revenue is intrinsically linked to the performance obligation assessment because revenue can only be recognised when or as the performance obligation is satisfied.

The distinction of whether to recognise revenue over time or at a point in time depends on how the obligation is transferred to the customer and whether there remains any ongoing obligation to satisfy the contractual requirements, given the context of the customer contract. As such the same product sold in a different way to a different customer can have a different revenue recognition profile. This requires that the Company evaluates contracts with customers on a contract-by-contract basis.

Generally, maintained licenses, bespoke licenses, support and professional services are recognised over time as and when the customer consumes the software solution or service. Conversely, licenses which are considered distinct performance obligations are recognised at a point in time.

Percentage of completion

Where revenue is recognised over time, the percentage of completion of a performance obligation is measured to determine the timing of revenue recognition. The Company identifies a method which best depicts the transfer of the goods or services to the customer. An output-based method relies on value delivered to the customer using external measures while an input-based method relies on the Company's internal measure of progress such as percentage of costs incurred as a proportion of total anticipated costs.

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

4. Revenue

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

	2019 £000	2018 £000
Maintenance fees	2,521	2,203
Professional services	400	687
Intra-group recharges	1,371	1,030
	<u>4,292</u>	<u>3,920</u>

Revenue is all derived from sales in Asia.

Timing of revenue recognition is as follows:

	2019 £000	2018 £000
Services transferred over time	4,292	3,920
	<u>4,292</u>	<u>3,920</u>

5. Contract balances

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

	2019 £000	2018 £000
Receivables included in Trade and other receivables	1,360	1,122
Accrued income - Contract assets included in Trade & other receivables	6	218
Contract Liabilities included in Deferred income	(927)	(601)
	<u>539</u>	<u>739</u>

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

5. Contract balances (continued)

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 on the Statement of financial position.

Contract assets result when amounts allocated to distinct performance obligations are recognised when or as control of a good or service is transferred to the customer 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.

Contract liabilities result from customer payments in advance of the satisfaction of the associated performance obligations and relates primarily to prepaid maintenance or other recurring services. Contract liabilities are released as revenue is recognised. Contract assets and liabilities are reported on a contract by contract basis at the end of each reporting period.

6. Contract costs

The following table provides information about contract costs by category of asset:

	2019 £000	2018 £000
Commission fees	54	166
Royalty and agent fees	11	13
	<u>65</u>	<u>179</u>

Management expects that incremental commission fees paid to employees and agent fees paid to intermediaries and deferred implementation fees, as a result of obtaining contracts, are recoverable. The Company has therefore capitalised these fees as contract costs in the amount of £65,000 at 31 May 2019 (2018: £179,000). Capitalised fees are amortised when the related revenues are recognised.

As permitted by IFRS 15, the Company recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Company otherwise would have recognised is one year or less.

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

7. Transaction price allocated to the remaining performance obligations

The total amount of revenue allocated to unsatisfied performance obligations is £2,813,000 (2018: £2,049,000). We expect to recognise approximately £610,000 (2018: £490,000) in the next 12 months, £1,302,000 (2018: £1,308,000) 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.

8. Operating profit

The operating profit is stated after charging/(crediting):

	2019 £000	2018 £000
Depreciation of tangible fixed assets	13	12
Foreign exchange loss/(gain)	51	(13)
Operating lease rentals	<u>258</u>	<u>249</u>

Audit fees of £19,000 (2018: £24,000) have been borne by another group company.

9. Employees

Employee costs during the year amounted to:

	2019 £000	2018 £000
Wages and salaries	1,780	1,646
Social security costs	104	92
Other pension costs	57	50
	<u>1,941</u>	<u>1,788</u>

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

9. Employees (continued)

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

	2019 No.	2018 No.
Professional services	18	16
Sales	6	4
Support	6	6
	<u>30</u>	<u>26</u>

10. Directors' remuneration

The Directors are employed and remunerated by other group companies. The Directors do not consider there to be any remuneration in respect of their services as Directors of this Company.

11. Interest receivable and similar income

	2019 £000	2018 £000
Interest receivable from group undertakings	<u>3</u>	<u>9</u>

12. Interest payable and similar expenses

	2019 £000	2018 £000
Interest payable to group undertakings	<u>228</u>	<u>186</u>

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

13. Tax on profit/(loss)

	2019 £000	2018 £000
Corporation tax		
Foreign tax on profit/(loss) for the year	312	181
Foreign tax in respect of prior periods	385	-
Taxation on profit on ordinary activities	<u>697</u>	<u>181</u>
Factors affecting tax (credit)/charge for the year		
The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:		
	2019 £000	2018 £000
Profit/(loss) before taxation	<u>247</u>	<u>(126)</u>
Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	47	(24)
Effects of:		
Expenses not deductible for tax purposes	-	13
Tax losses for which no deferred tax asset was recognised	-	(52)
Short term timing differences for which no deferred tax asset was recognised	83	-
Group relief (received)/surrendered without charge	(130)	63
Foreign tax	697	181
Total tax (credit)/charge for the year	<u>697</u>	<u>181</u>

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

13. Tax on profit/(loss) (continued)

Following the Finance Bill 2020, the planned reduction to corporation tax rates substantively enacted as part of the Finance Bill 2016 (on 7 September 2016) to 17% from 1 April 2020 has been reversed. The Government will legislate to maintain the rate at 19% for the next two financial years (beginning 1 April 2020 and 1 April 2021). Deferred taxes at the Balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

As at 31 May 2019, there is an unrecognised deferred tax asset of £1,287,000 (2018: £1,295,000) which has not been recognised as it is uncertain whether the Company will have sufficient future profits to utilise the tax losses. The movement in the unrecognised deferred tax asset reflects the grossed-up increase in tax loss carried forward within this entity. The unrecognised deferred tax balance comprises of amounts related to deductible temporary differences on fixed and intangible assets of £173,000 (2018: £180,000) and amounts relating to unused tax losses of £1,114,000 (2018: £1,114,000).

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

14. Property, plant and equipment

	Computer equipment £000
Cost	
At 1 June 2018	85
Additions	30
At 31 May 2019	<u>115</u>
Accumulated depreciation	
At 1 June 2018	51
Charge for the year	13
At 31 May 2019	<u>64</u>
Net book value	
At 31 May 2019	<u><u>51</u></u>
At 31 May 2018	<u><u>34</u></u>

The depreciation charge for the year is included in administrative expenses within the Statement of Comprehensive Income.

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

15. Trade and other receivables

	2019 £000	2018 £000
Amounts falling due after more than one year		
Amounts owed by group undertakings	<u>61</u>	<u>276</u>
Amounts falling due within one year		
Trade receivables	1,361	1,122
Amounts owed by group undertakings	1,268	549
Accrued income	6	186
Other receivables	88	89
Prepayments	158	258
	<u>2,881</u>	<u>2,204</u>

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand. The Company has no immediate intention to recall £61,000 (2018: £276,000) in the short term and so these amounts were classified as non-current assets.

Of the non-current amounts receivable from Group undertakings above, £61,000 (2018: £276,000) is interest bearing. The make-up of this amount has earned interest at a floating rate ranging from 0.62% to 0.91% (2018: 1.21% to 2.32% plus 1% point) during the year.

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

16. Trade and other payables

	2019 £000	2018 £000
Amounts falling due after more than one year		
Deferred Income	245	-
Amounts owed to group undertakings	<u>3,907</u>	<u>3,026</u>
	<u>4,152</u>	<u>3,026</u>
	2019 £000	2018 £000
Amounts falling due within one year		
Trade payables	26	48
Amounts owed to group undertakings	666	696
Other taxation and social security	75	68
Corporation tax	-	181
Other creditors	-	9
Deferred Income	682	600
Accruals	886	690
Provisions	-	8
	<u>2,335</u>	<u>2,300</u>

Amounts owed to group undertakings are repayable on demand. However, the counterparties have confirmed that payment of £3,907,000 (2018: £3,026,000) will not be recalled in the short term and so these amounts are classified as non-current liabilities.

Of the non-current amounts owed to group undertakings above, £3,463,000 (2018: £2,804,000) is interest bearing. The make-up of this amount has attracted interest at a floating rate ranging from 0.62% to 0.91% (2018: 0.52% to 2.32% plus mark-up of 5% points) during the year.

Amounts owed to group undertakings also includes £444,000 (2018: £222,000) of Intercompany trade payable that is non-interest bearing. However, the counterparties have confirmed that payment of £444,000 (2018: £222,000) will not be recalled in the short term and so these amounts are classified as non-current liabilities.

Amounts owed to group undertakings due within one year are unsecured, interest free and are repayable on demand.

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

17. Called up share capital

	2019 £000	2018 £000
Allotted, called up and fully paid		
2 (2018: 2-) Ordinary shares of £1 each	<u>-</u>	<u>-</u>

Share capital of £2 is showing as £nil above due to presentational rounding of £000.

18. Reserves

Translation reserve

The translation reserve represents amounts arising as a result of translating overseas branches' financial statement items from their functional currency into the Company's presentation currency.

Accumulated losses

Accumulated losses represents cumulative profits, losses and total other comprehensive income made by the Company, including distributions to, and contributions from, the owners.

19. Commitments under operating leases

At 31 May 2019 the Company had total lease commitments under non-cancellable operating leases as follows:

	2019 £000	2018 £000
Not later than 1 year	<u>315</u>	<u>130</u>

20. Subsequent events

From the perspective of the Company, its operations, risk and uncertainties are integrated with those of the Finastra Group and are not managed separately.

No subsequent events have occurred after the 31 May 2019 until the date of signing these financial statements.

Finastra Global Operations Limited

Notes to the Financial Statements For the Year Ended 31 May 2019

21. Ultimate parent company

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

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