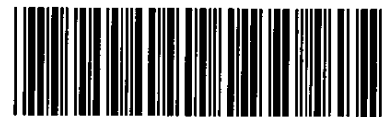


Iress UK Holdings Limited

Registered in England and Wales
Company number: 08612198

Annual report and consolidated financial statements
for the year ended 31 December 2019

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Corporate Directory

Nature of Business and Principal Activities

iress UK Holdings Limited and its consolidated subsidiaries provide business-critical software solutions to banks, wealth managers, financial planners, life insurance companies, brokers and other financial services companies.

Directors

S Badley (resigned as a director 3 April 2019)
P Ferguson (resigned as a director 7 June 2019)
J Harris
A Walsh
R Kelly (appointed as a director 7 June 2019)
A Morgan (appointed as a director 7 June 2019)
J McNeill (appointed as a director 7 June 2019)

Company Secretary

R Kelly

Registered Office

1 Kingmaker Court
Warwick Technology Park
Warwick
CV34 6DY

Principal Place of Business

1 Kingmaker Court
Warwick Technology Park
Warwick
CV34 6DY

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Strategic Report

The Directors, in preparing this strategic report, have complied with section 414C of the Companies Act 2006.

Review of operations

Iress UK Holdings Limited and its consolidated subsidiaries ("The Group" or "Iress" or "the Company") provide business-critical software solutions to banks, wealth managers, financial planners, life insurance companies, brokers and other financial services companies.

The profit after tax for the year was £9.311 million (2018: £12.137 million). The reduction in profit after tax is driven by an increase in financing costs relating to an existing cross currency swap and the tax charge for the year.

The underlying business has grown during the year from ongoing projects deploying Iress' integrated wealth and trading solution at key clients, the increased take up of business intelligence products and increased advertising services.

No dividend was declared and paid to Iress International Holdings Proprietary Limited during the year (2018: £Nil). On 28 April 2020, an in specie dividend of £13.960m was declared and paid.

Future developments

The Directors expect the general level of activity to remain consistent with 2019 in the forthcoming year.

There remains a continued focus on growth across the group and on finalising the transition of the MSO product to the latest version of the software and a recurring revenue model.

Key performance indicators

In order to realise its strategic aims, the Company has identified areas of particular focus and has put into place a number of Key Performance Indicators (KPIs) to measure and assess progress against them. The following indicators are calculated for the continuing operations of the Company and before exceptional items:

	2019	2018
	£'000	£'000
Revenue	86,182	82,536
Profit before depreciation, amortisation, interest and income tax expense	26,160	24,290
Net Assets (as at the end of the year)	156,802	148,100

The strong positive net assets position demonstrates the resilience of the Company and the growth from 2018 to 2019 reflects its profit generating capabilities.

Financial Market, Wealth Management and Sourcing ("UK")

Financial Markets, Wealth Management and Sourcing revenue increased 6% from £66.698 million in 2018 to £70.509 million in 2019, reflecting ongoing projects to deploy Iress' integrated wealth and trading solution to key clients

Growth in Sourcing revenue was driven largely by increased take up of data analytics and advertising services.

Lending

The Lending business provides mortgage origination software and associated consulting services to banks and other lending institutions.

Revenue reduced by 1% from £15.838 million in 2018 to £15.673 million in 2019, reflecting the timing and mix of client projects. The lending business continued to exhibit strong operational momentum in 2019 with a large tier two lender going live with Iress' Mortgage Sourcing and Origination platform (MSOv2), while four other client deployments are progressing well, including a new client won in late 2019.

There were no significant changes in the nature of the activities of the Company during the year.

Strategic Report (continued)

Principal risks and uncertainties

Iress UK Holdings Limited, as part of Iress Limited (listed in Australia), has an active and robust corporate governance programme designed to manage strategic and tactical risks which could impact the business. Risks are clearly identified and monitored on a regular basis.

Although resources are devoted to developing efficient procedures and to staff training, it is only possible to be reasonably, but not absolutely certain that such procedures will be effective in preventing fraud.

The key risks and uncertainties currently facing Iress Limited relate to the ability of other subsidiary companies in the Group to manage competitor and operational risk effectively.

Risk	Nature of risk	Mitigation
Information security breach and failure of critical systems	Due to the nature of Iress' business, the Group could be impacted significantly by the failure of critical systems, whether caused by error or malicious attack.	<p>Iress has increased its investment in information security in recent years in response to several factors including the increased sophistication of cyber terrorists, the increased reliance on our solutions by our customers and increased regulatory pressure from government agencies.</p> <p>Iress has a dedicated information security function across jurisdictions, Board oversight through the parent company's Audit & Risk Committee and executive oversight via the Executive Risk Committee and Chief Information Security Officer.</p> <p>Iress' controls, audit and governance provide a framework for actively identifying gaps, new exposures and the development of appropriate treatment plans.</p> <p>Network and malware scanning and mandatory information security awareness training is in place across the business.</p> <p>Comprehensive disaster recovery procedures are in place.</p> <p>Iress Global Information Security Management System (ISMS) is certified by independent audit to meet the global ISO 27001 standard.</p>
Economic climate	<p>Economic conditions, domestically and internationally, can impact client revenue and accordingly, client demand for Iress' systems.</p> <p>The impact of COVID-19 on the Group is considered on pages 7 and 8.</p>	<p>This risk is mitigated by Iress' diverse geographic presence and diverse product portfolio.</p> <p>The impact of COVID-19 is mitigated by the recurring revenue base and cash generative nature of the Group and its parent.</p>
Regulation	Regulation can impact Iress and its clients because regulation increases the cost of doing business, or because regulation results in structural changes, including consolidation or fragmentation, both of which can negatively impact Iress client engagements.	<p>Iress' risk management strategy includes the close monitoring of regulatory developments globally.</p> <p>Iress is pro-actively engaged in the development of new and existing relationships with relevant regulatory stakeholders, policy makers, and media groups to monitor the regulatory landscape.</p> <p>This strategy is focused on limiting potential impacts of regulatory development so that Iress may continue to service its global markets and efficiently respond to compliance requests.</p>
Market or technology risk	The risk that a pronounced shift in technology or a pronounced change in the way market segments organise themselves and make use of Iress' products or solutions.	<p>Iress endeavours to manage this risk by maintaining a highly skilled and educated technology organisation and by exploring the potential utilisation or impact of emerging technologies.</p> <p>Iress endeavours to manage market change by maintaining a high degree of engagement with its customers. In this regard Iress is fortunate that its customer base, being distributed geographically and being comprised of highly sophisticated industry representatives, is likely to be at the forefront of industry change and evolution.</p>
Reputation Risk	Iress provides solutions to the financial services industry. The financial services industry is subject to significant public focus, media attention and government review. The use of technology within financial services businesses, and especially its role in processing and storing sensitive personal information, can expose both the financial services provider and providers of technology such as Iress, to reputational risk if there is a failure in a critical system or process or the release by error or mischief of personal data.	Mitigation of technology risk lies at the heart of Iress' information security function (refer to comments above under Information Security) and software development practices. The latter includes rigour in architecture, code development and testing. Iress does not outsource development of core technology, maintaining direct oversight and control.



Strategic Report (continued)

Section 172

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole.

The Directors are mindful of their duty to promote the success of the Group and believe they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole.

The Directors consider that in addition to the Parent company and their shareholders, the key stakeholders are the employees, customers, suppliers and community. The Directors take seriously the views of these stakeholders in setting and implementing strategy.

In carrying out this duty, they have had regards for, amongst other matters, the areas set out below.

Consequences of any decision in the long term

The ultimate Parent Company Board Members and Leadership Team meet regularly to discuss and challenge the ongoing strategy for the business. The local Management Team (including local directors) also meet regularly to challenge and deploy this strategy in the UK. Outputs from these meetings drive the context for decisions on the annual forecasts which are reviewed for both the following and next four years to reflect the strategic direction of the business.

Parent Company shareholders

The Group forms part of bi-annual reporting to the ASX by the ultimate Parent, Iress Ltd.

Investors are given access to the Parent company CFO and CEO through investor conferences.

A suite of information on the ultimate parent is available at <https://www.iress.com/resources/investors/>

Employees

The Board receives reports taken from the annual Pulse employee survey to ensure the Group's values are understood and promoted.

During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Company, has been continued through periodic Executive leadership forums (both led by Global and Local members of the Management Teams) in which employees have also been encouraged to present their suggestions and views on the Company's performance.

Information is regularly shared with all employees through all internal communication channels.

The business runs a hackathon event annually to allow employees from across the business to put forward new ideas for the business and then develop them to functioning software by the end of the event.

All employees are incentivised by a profit share in the event of Iress Ltd meeting its profit objectives for each financial year.

Monthly "One Iress" awards are granted to employees nominated by their peers for making a significant contribution to the business.

Business relationship with customers

The Group places customers at the heart of everything we do and the Board is committed to considering the customer impact of every decision made.

In April 2019 the Iress Community was established. This is an online community for users of Iress software. It provides customers and users with access to help and best practice documentation as well as access to our experts and regular updates about our software and its releases.

Business relationship with suppliers

The Group is committed to treating all our suppliers fairly.

We endeavour to pay all suppliers in line with their payment terms and, where this is not possible, we take steps to minimise the impact on the supplier.

Strategic Report (continued)

Impact on community and environment

Since its launch, the Iress Foundation has amplified the community support and charity activities our people were already championing. This year, the Iress Foundation has gone one step further and implemented a Workplace Giving Programme called the Iress Foundation Giving Platform. The platform provides our people with a central information source of Foundation initiatives and an easy way to get involved in Foundation activities and donate to Foundation causes. Its comprehensive analytics and reporting provides us with a deeper understanding of how our people get involved and which causes matter to them most.

The Group has a long standing tradition of investing in local communities including programmes to support local charities and their initiatives.

Through the Iress Matching Initiatives, we support people at Iress who want to focus beyond the current Iress Opportunity Initiatives, on causes that are close to their hearts.

We give eligible members of our team three days of Iress Foundation Leave each year to help them give back to Iress Foundation supported charitable organisations.

More information on this can be found in the Parent Company Statutory Accounts.

Business conduct

The Group has policies regarding conduct, ethics and responsibilities which must be adhered to by all employees.

Acting fairly between members

The Group does not have any external shareholders. However, it is required to align with the activities of Iress Ltd, the ultimate parent, and their shareholder matters such as strategic direction and performance.

Impact of Brexit on the Group

There has been no significant impact of Brexit noted on the Group's performance to date. Given the predominantly domestic focus of UK clients, the Group does not expect a significant direct Brexit impact. The Group is exposed to indirect economic impacts which are harder to predict and are being closely monitored.

Impact of COVID-19 on the Group

There have been some delays in client implementations during 2020 but given the high proportion of recurring revenue and the cash generative nature of the business the Group does not expect a significant direct impact. The Group is exposed to indirect economic impacts that are harder to predict and are being closely monitored.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Company, has been continued through periodic Executive leadership forums in which employees have also been encouraged to present their suggestions and views on the Company's performance.

Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the Iress Group's profit-share, executive bonus and share option schemes.

Approved by the Directors and signed on behalf of the Board by:



A Morgan
Director
Warwick
1 December 2020



Directors' Report

The Directors of Iress UK Holdings Limited and its subsidiaries ("The Group" or "Iress" or "the Company") submit the audited annual financial statements for the year ended 31 December 2019.

Directors

The names of the Directors of the Company during or since the end of the financial year are:

- S Badley (resigned as a director 3 April 2019)
- P Ferguson (resigned as a director 7 June 2019)
- J Harris
- A Walsh
- R Kelly (appointed as a director 7 June 2019)
- A Morgan (appointed as a director 7 June 2019)
- J McNeill (appointed as a director 7 June 2019)

Company secretary

- R Kelly

Directors' indemnities

The Iress Group made qualifying third-party indemnity provisions during the year and they remain in force at the date of this report. The third-party indemnity provisions were for the benefit of the Directors of the Group, its subsidiaries, fellow subsidiaries and its ultimate holding company.

Principal activities

Iress UK Holdings Limited and its consolidated subsidiaries ("The Group" or "Iress" or "the Company") provide business-critical software solutions to banks, wealth managers, financial planners, life insurance companies, brokers and other financial services companies.

No change in principal activities occurred during the current year.

Review of operations

The profit for the Group for the financial year after providing for income tax amounted to £9.311 million (2018: £12.137 million).

Dividends

No dividend was declared and paid to Iress International Holdings Proprietary Limited during the year (2018: £Nil). On 28 April 2020, an in specie dividend of £13.960m was declared and paid.

Events subsequent to the Statement of Financial Position date

As at 31 December 2019 China had alerted the World Health Organisation (WHO) of several cases of an unusual form of pneumonia in Wuhan. However, substantive information about what has now been identified as COVID-19 only came to light in early 2020. The Group does not expect a significant impact on recurring revenue but has experienced delays in some project revenue. The group is expected to remain cash generative. To date there has been no negative impacts on recoverability of debtors or contract assets. The Group is exposed to indirect economic impacts that are harder to predict and are being closely monitored.

As noted in Note 2.1, a cash flow projection has been used to test for impairment of goodwill in each CGU. The directors have assessed that any delays in revenue as a result of COVID-19 are recovered in future periods. This is based on the impact of COVID-19 observed during the 2020 year to date which has been largely limited to existing and new implementation delays. Given the uncertainty of COVID-19, if it does have a longer term material impact on revenue, reducing growth within a CGU, then it will result in reduced headroom or impairment of the goodwill allocated to that CGU.

On 10 March 2020, Iress completed the acquisition of 100% of the share capital of O&M Systems Ltd (O&M), who provide a system for pension and investment planning for £3.356m.

Directors' Report (continued)

Events subsequent to the Statement of Financial Position date (continued)

During February 2020 and June 2020, the Group entered into 10 year lease agreements for two new properties and a 10 year extension to an existing lease. All leases have a 5 year break clause. There is no significant financial impact on the group as the new leases replaced existing property leases with similar terms.

On 28 April 2020, an in specie dividend of £13.960m was declared and paid.

These subsequent events are all non-adjusting events.

Changes in state of affairs

There were no significant changes in the state of affairs of the Group.

Future developments

Details of future developments can be found in the Strategic Report on page 4.

Political contributions

The Company did not make any political contributions during the year (2018: £Nil).

Disabled employees

Refer to the Strategic Report on page 6.

Employee involvement

Refer to the Strategic Report on page 6.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk. The use of financial derivatives is governed by the parent Company's policies approved by the Board of Directors, that provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Company's activities can expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses cross currency swap contracts to hedge these exposures. Interest bearing assets and liabilities are held at both fixed and floating rates in accordance with the policies of Iress Limited, the ultimate holding company.

Credit risk

The Company's principal financial assets are cash and cash equivalents, trade and other receivables, and investments. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of Financial Position are net of a credit risk allowance. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited as management follows a policy of holding funds with counterparties that are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Company manages and monitors its credit risk in relation to trade receivables using debtors ageing reports that are reviewed on a monthly basis.

Directors' Report (continued)

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt that is provided by the ultimate parent company and its affiliates. Refer to Notes 2.4 and 2.5 for further details regarding the Company's liquidity risks.

Research and development

We continue to invest in our software products which are summarised below:

TRADING AND MARKET DATA	FINANCIAL ADVICE	MORTGAGES, LIFE AND PENSIONS
<p>Solutions</p> <p>Global market data and trading software including:</p> <ul style="list-style-type: none"> • Order and execution management services; • Smart order routing; • FDI services; • Portfolio management; • Securities lending; • Analytics tools; • Connectivity; and • Low latency market data feeds. <p>Clients</p> <p>Self-side and buy-side institutions, retail advisory and online brokers, platforms.</p>	<p>Integrated wealth management platform offering:</p> <ul style="list-style-type: none"> • Client management; • Business automation; • Portfolio data; • Research; • Financial planning tools; • Scaled advice journeys; • Digital client solutions; • Data driven compliance and analytics; and • Platform of distribution of life insurance products. <p>Institutional, retail and independent advisory, wealth managers, life insurance companies.</p>	<p>Multi-channel mortgage sales and origination platform including:</p> <ul style="list-style-type: none"> • Automated workflow; and • application processing. <p>Mortgage intermediary advice solution.</p> <p>Number one online marketplace in the UK for life and health protection, pensions, annuities and investments.</p> <p>Banks, lenders, brokers, mortgage intermediaries and insurance and pension providers.</p>

Research and development expenses incurred during the year were £21.777 million (2018: £21.609 million) and £0.194million was capitalised (2018: nil).

Going concern

As at 31 December 2019, the Group is in a net current asset position of £23.401 million (2018: £10.159 million). The Group's total current assets after net related party trade payables exceeded its total current liabilities after net related party trade payables by £7.454 million (2018: £3.577 million). The year end cash position of £2.399 million is a result of £13.350 million of excess funds being remitted to Iress Limited during the year.

The Directors of Iress UK Holdings Limited maintain a cash flow forecast for 12 months beyond the date of authorising these financial statements. This cash flow forecast has been sensitised to allow for revenue delays as a result of the impact of COVID-19 and this indicates that no reasonably plausible downside scenarios result in the Group having insufficient cash reserves to meet its obligations as they fall due for a period of at least 12 months from the date of signing these financial statements.

In the remote event that funding is required, the Directors of Iress Limited have provided a letter of support to Iress UK Holdings Limited and its subsidiaries which states that Iress Limited:

- continues to support and provide additional finance to the Group for at least 12 months from the signing date of the financial statements; and
- will not demand payment of loans until such time as the subsidiary is able to repay such amounts without detriment to its operation as a going concern.

Following reasonable enquiries, the Directors of Iress UK Holdings Limited have an expectation that Iress Ltd has access to adequate resources to continue in operational existence for the foreseeable future, and will be able to provide funding in the remote circumstances that it is required by the Group. As part of their comprehensive assessment of whether Iress Ltd is a going concern, the Directors have reviewed the Iress Ltd cash flow and solvency forecasts for a period of at least 12 months from the date of authorising the financial statements.

Directors' Report (continued)

Auditor's independence declaration

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- each Director has taken all the steps that he/she ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is 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.

Deloitte LLP have expressed their willingness to continue as the Group's auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting in accordance with sections 485-488 of the Companies Act 2006.

Approved by the Directors and signed on behalf of the Board by:



A Morgan
Director
Warwick
1 December 2020

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the parent company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

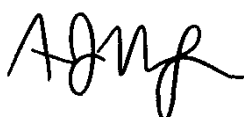
They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy

This responsibility statement was approved by the Board of Directors on 1 December 2020 and is signed on its behalf by:



A Morgan
Director
Warwick
1 December 2020

Independent Auditor's Report to the Members of Iress UK Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Iress UK Holdings Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of profit or loss and other comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of changes in equity;
- the consolidated statement of cash flows;
- company statement of financial position;
- company statement of changes in equity; and
- the related notes 1.1 to 5.5.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 group's or the parent 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.

We have nothing to report in respect of these matters.



Independent Auditor's Report to the Members of Iress UK Holdings Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Independent Auditor's Report to the Members of Iress UK Holdings Limited

(continued)

Matters on which we are required to report by exception

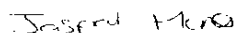
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read "Jaspal Flora".

Jaspal Flora FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom
1 December 2020



Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

		2019	2018
	Notes	£'000	£'000
Revenue from contracts with customers	1.1	86,182	82,536
Customer data fees		(4,616)	(4,413)
Communication and other technology expenses		(5,409)	(5,384)
Employee benefit expenses	1.2	(52,736)	(49,777)
Other Income	1.6	2,739	1,328
Profit before depreciation, amortisation, interest and income tax expense		26,160	24,290
Depreciation and amortisation expense	1.7	(6,347)	(5,506)
Profit before interest and income tax expense		19,813	18,784
Interest revenue		579	372
Financing costs		(7,167)	(5,314)
Net interest and financing costs	3.1	(6,588)	(4,942)
Profit before income tax expense		13,225	13,842
Income tax expense	4.1	(3,914)	(1,705)
Net profit after income tax expense		9,311	12,137
Other comprehensive result for the year		-	-
Total comprehensive income for the year attributable to the holding company		9,311	12,137

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	2019 £'000	2018 £'000
ASSETS			
Current assets			
Cash and cash equivalents	1.8(a)	2,399	2,005
Receivables and other assets	2.4	15,714	12,009
Receivables with related parties	2.4	32,983	21,205
Current taxation receivables		37	-
Total current assets		51,133	35,219
Non-current assets			
Intangible assets	2.1	224,588	227,844
Property, plant and equipment	2.2	1,825	2,342
Right-of-use assets	2.3(b)	4,347	-
Deferred tax assets	4.1	2,165	2,432
Derivative assets	3.1	-	434
Total non-current assets		232,925	233,052
Total assets		284,058	268,271
LIABILITIES			
Current liabilities			
Payables and other liabilities ⁽¹⁾	2.5	7,508	8,682
Lease liabilities	2.3(c)	1,037	-
Payables with related parties	2.5	17,036	14,623
Current tax payables		2,151	1,755
Total current liabilities		27,732	25,060
Non-current liabilities			
Lease liabilities	2.3(c)	3,982	-
Debt facilities	3.1	93,453	93,453
Derivative liabilities	3.1	929	-
Deferred tax liabilities	4.1	1,160	1,658
Total non-current liabilities		99,524	95,111
Total liabilities		127,256	120,171
Net assets		156,802	148,100
EQUITY			
Issued capital	3.2	50,276	50,276
Retained earnings		106,526	97,824
Total equity		156,802	148,100

(1) £0.3 million of annual leave accruals were reclassified from current provisions to current payables and other liabilities in 2018

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

The financial statements of Iress UK Holdings Limited (registered number 08612198) on pages 16 to 58 were approved for issue by the Board of Directors on 1 December 2020.

Signed on behalf of the Board of Directors by:



A Morgan
Director
Warwick
1 December 2020

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Notes	Issued capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018		50,276	85,687	135,963
Net profit after income tax expense		-	12,137	12,137
Total comprehensive income for the year		-	12,137	12,137
		-	-	-
Balance at 31 December 2018		50,276	97,824	148,100

	Notes	Issued capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019		50,276	97,824	148,100
Impact of change in accounting policy ⁽¹⁾		-	(609)	(609)
Adjusted balance at 1 January 2019		50,276	97,215	147,491
Net profit after income tax expense		-	9,311	9,311
Total comprehensive income for the year		-	9,311	9,311
		-	-	-
Balance at 31 December 2019		50,276	106,526	156,802

⁽¹⁾ Impact of adopting IFRS 16's modified retrospective approach under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Refer to note 4.3 (a)(ii).

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

		2019	2018
	Notes	£'000	£'000
Cash flows from operating activities			
Cash generated from operating activities	1.8(b)	11,717	8,493
Interest received		579	372
Interest paid		(5,635)	(5,607)
Income taxes paid		(3,503)	(1,512)
Net cash generated from operating activities		3,158	1,746
Cash flows from investing activities			
Payments for intangible assets	2.1	(194)	(102)
Payments for plant and equipment	2.2	(1,081)	(1,295)
Proceeds from sale of plant and equipment		13	8
Payment of deferred consideration	2.6	-	(1,100)
Net cash utilised by investing activities		(1,262)	(2,489)
Cash flows from financing activities			
Payment of lease liability		(1,389)	-
Payment of lease interest		(113)	-
Net cash utilised by financing activities		(1,502)	-
Increase/(decrease) in cash and cash equivalents		394	(743)
Cash and cash equivalents at the beginning of the year		2,005	2,748
Net cash and cash equivalents at end of the year	1.8(a)	2,399	2,005

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes



Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

SECTION 1. FINANCIAL RESULTS

1.1 Revenue from contracts with customers

Iress designs, develops and delivers technology solutions for the financial services industry in Australia, New Zealand, the United Kingdom, South Africa, Canada and Asia.

From these activities, Iress generates the following streams of revenue:

- Software licence revenue
- Implementation and consulting revenue
- Royalties revenue from provision of financial market information
- Other ancillary fees such as hosting and support service fees

Each of the above services delivered to customers are considered separate performance obligations, even though for practical expedience they may be governed by a single legal contract with the customer.

Revenue recognition for each of the above revenue streams are as follows

Revenue stream	Performance obligation	Timing of recognition
Software licence revenue	Access to software.	<p>Software licence revenue is recognised over time as the customer simultaneously receives and consumes the benefit of accessing the software.</p> <p>Revenue is calculated based on the number of licences used and rate per license, or as a negotiated package for large customers. Changes in these factors over time may impact the revenue recognised over the life of the contract.</p> <p>Software licence revenue is recognised as the amount to which the Group has a right to invoice.</p> <p>Customers are typically invoiced monthly and consideration is payable when invoiced, which corresponds directly with the performance completed to date in respect of this stream.</p>
Implementation and consulting revenue	As defined in the contract.	<p>Revenue is recognised over time as services are delivered.</p> <p>Revenue from providing services is recognised in the accounting period in which the services are rendered.</p> <p>Revenue is calculated based on time and materials.</p> <p>For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period.</p> <p>Recognition is determined based on the actual labour hours spent as a proportion of total expected hours. This requires judgement of the forecast expected hours and changes in implementation timing.</p> <p>If contracts include the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed, and the customer has accepted the hardware.</p>
Royalties revenue	Provision of financial market information.	<p>Royalties revenue is recognised over time as the customer simultaneously receives and consumes the benefit of accessing the information.</p> <p>Royalties revenue is recognised in the amount to which the Group has the right to invoice.</p> <p>Customers are typically invoiced monthly and consideration is payable when invoiced, which corresponds directly with the performance completed to date in respect of this stream.</p>
Other ancillary fees	Provision of hosting services, cloud services, support and maintenance services.	Over time, depending on circumstances.

Some contracts include multiple deliverables, such as implementation services and software licences.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

1.1 Revenue from contracts with customers (continued)

Because the implementation services do not include material software customisation that are specific to the client and could be performed by another party, the implementation service and software licences are accounted for as separate performance obligations. In these cases, the transaction prices are allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

In fixed-price contracts, the customer pays the fixed amount based on an agreed payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes an hourly fee, revenue is recognised at the amount to which the Group has the right to invoice (i.e. based on hours actually incurred in providing the service to the client). Customers are invoiced monthly and consideration is payable when invoiced.

Critical accounting judgements with respect to revenue:

The recognition and measurement of revenue requires the application of judgement in assessing the extent to which client implementations are complete. This will include judgements relating to forecasted expected days, changes in implementation timing and identification of implementation revenue from contracts with multiple deliverables.

(a) Revenue by segment is summarised below:

Revenue stream	Revenue recognition	UK (Wealth, Trading & Sourcing) £'000	Mortgages £'000	Total £'000
For the year ending 31 December 2018				
Software licence revenue	Over time	56,613	2,514	59,127
Implementation and consulting revenue	Over time	1,064	12,390	13,454
Royalties revenue	Over time	1,789	-	1,789
Other ancillary fees	Over time	7,232	934	8,166
Total revenue		66,698	15,838	82,536
For the year ending 31 December 2019				
Software licence revenue	Over time	58,809	4,015	62,824
Implementation and consulting revenue	Over time	1,304	10,656	11,960
Royalties revenue	Over time	1,835	-	1,835
Other ancillary fees	Over time	8,561	1,002	9,563
Total revenue		70,509	15,673	86,182

(b) Receivables, contract assets and contract liabilities from contracts with customers by segment is summarised below:

	UK (Wealth, Trading & Sourcing) £'000	Mortgages £'000	Total £'000
For the year ending 31 December 2018			
Trade receivables	6,593	1,145	7,738
Contract assets	1,668	1,368	3,036
Contract liabilities	(1,676)	(527)	(2,203)
For the year ending 31 December 2019			
Trade receivables	6,694	297	6,991
Contract assets	4,404	2,769	7,173
Contract liabilities	(1,425)	(77)	(1,502)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

1.1 Revenue from contracts with customers (continued)

(c) Revenue recognised in relation to contract assets and liabilities

The following table shows the revenue recognised in the current reporting period in relation to the contract assets and contract liabilities:

	Contract Assets		Contract Liability	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Balance at the beginning of the year	3,036	5,010	(2,203)	(2,094)
Transfer from contract assets to receivables	(3,036)	(5,010)	-	-
Revenue raised for work performed but not yet billed	7,173	3,036	-	-
Decrease due to revenue recognised from performances obligations satisfied	-	-	2,203	2,094
Increase due to cash received, excluding amount recognised during the year	-	-	(1,502)	(2,203)
Balance at the end of the year	7,173	3,036	(1,502)	(2,203)

(d) Transaction price allocated to the remaining performance obligations

The following table includes the revenue on existing contracts expected to be recognised in the future which relates to performance obligations that are unsatisfied (or partially satisfied) at the reporting date:

Year in which transaction price is expected to be realised	Revenue stream	Revenue recognition	UK	Mortgages	Total
			(Wealth, Trading & Sourcing) £'000	£'000	£'000
2020	Software licence revenue	Over time	309	2,971	3,280
	Implementation and consulting revenue	Over time	8	4,119	4,127
	Total revenue		317	7,090	7,407
2021	Software licence revenue	Over time	350	281	631
2022	Software licence revenue	Over time	357	-	357
2023	Software licence revenue	Over time	364	-	364
2024	Software licence revenue	Over time	105	-	105
Total	Software licence revenue	Over time	1,485	3,252	4,737
	Implementation and consulting revenue	Over time	8	4,119	4,127
	Total revenue		1,493	7,371	8,864

The Group applies the practical expedient in the revenue standard and does not disclose information about the remaining performance obligation on contracts that have an original expected duration of one year or less or where the Group has the right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance to date

The table above, therefore, does not include revenue expected to be recognised in future years on software licence, royalties and other ongoing contracts where the Group will recognise revenue in the amount to which the entity has a right to invoice.

1.2 Employee benefit expenses

Short-term employee benefits, mainly comprising of base salary and annual leave costs, are expensed as the employee renders services.

Post-employment benefits which comprise Iress' contribution to defined contribution retirement plans are expensed as the service is received from the employee.

Termination benefits are amounts paid to employees when their employment is terminated. These are expensed when Iress can no longer withdraw the offer of the termination benefit.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

1.2 Employee benefit expenses (continued)

	Notes	2019 £'000	2018 £'000
Short term and other employee benefits		(42,129)	(41,587)
Social security costs		(4,366)	(4,200)
Post employment benefits		(3,284)	(2,938)
Termination benefits		(164)	(6)
Share-based payment expense	1.5(c)	(2,793)	(1,046)
		(52,736)	(49,777)

1.3 Director and KMP remuneration disclosures

The Key Management Persons (KMP) and directors of the Company and the Group are detailed below:

	Paid by Ultimate Parent	Paid by Company or Group
S Badley (Director - resigned 3 April 2019)		√
P Ferguson (Director - resigned 7 June 2019)	√	
J Harris (Director)	√	
R Kelly (Director - appointed 7 June 2019)		√
J McNeill (Director - appointed 7 June 2019)		√
A Morgan (Director - appointed 7 June 2019)		√
A Walsh (Director)	√	
Phil Quin-Conroy (KMP - joined 17 June 2019)		√

In 2018, the KMP remuneration disclosures included 4 directors paid by the Group and 1 senior manager.

On 7 June 2019, the senior manager considered to be KMP in 2018 and during 2019 was appointed as a director.

On 17 June 2019, a senior manager joined the Group and has been considered to be a KMP since.

The resultant year end KMPs are the directors (4 of whom are remunerated by the Group) and 1 senior manager.

The following table provides details of remuneration paid to KMPs by the Company or Group, being these 5 individuals (2018: 2 individuals). This differs from the directors remuneration due to it including the full year remuneration of the KMP who became a director in the year and the remuneration of the senior manager who joined during the year.

	2019 £'000	2018 £'000
Short term employee benefits	(629)	(464)
Post-employment benefits ⁽¹⁾	(40)	(33)
Other employee benefits ⁽²⁾	(382)	(60)
	(1,051)	(557)

The remuneration paid to the 4 directors by the Company or Group, while directors of the Company, is as follows:

	2019 £'000	2018 £'000
Short term employee benefits	(436)	(336)
Post-employment benefits ⁽¹⁾	(26)	(27)
Other employee benefits ⁽²⁾	(208)	(60)
	(670)	(423)

⁽¹⁾ This comprises of contributions to defined contribution plans in relation to 4 directors and 1 KMP (2018: 1 Director and 1 KMP of the Group)

⁽²⁾ This comprises value of shares granted during the year, recharged from the ultimate parent entity, Iress Limited.

In 2019, 3 directors exercised share options (2018: 2 directors) and 4 directors accrued share options (2018: 2 directors). 4 directors are members of defined contribution pension schemes (2018: 1 director).

Aggregate remuneration of the highest paid director was £0.362 million (2018: £0.423 million).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

1.4 Number of employees

	2019	2018
Average number of employees	683	649
Account Management and Sales	238	212
Product and Development	295	301
Administration	150	136
Total	683	649

The number above is based on the monthly average number of Full Time Employees ("FTEs") employed by subsidiaries within the UK Group. There were no employees in Iress UK Holdings Limited other than the 5 Directors (2018: 4 Directors).

1.5 Share-based payments

Share based payments are made from the ultimate parent Iress Ltd. The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(a) Details of share plans

To assist in the attraction, retention and motivation of employees, Iress Ltd operates the following share-based payment plans:

Plan	Key terms	Performance condition	Performance Restriction period	Dividends received before vesting	If participant leaves before end of performance period
Executive Equity Rights - From 2019	Eligible participants receive equity rights at no cost.	Individual performance criteria	2 year vesting followed by 2 year holding lock	No but dividend equivalent "top-up" on vesting	Generally forfeited (Board discretion may apply)
Executive Transition Equity Rights - In 2019	Eligible participants receive equity rights at no cost.	Individual performance criteria	2 year vesting followed by 2 year holding lock	No but dividend equivalent "top-up" on vesting	Pro-rata portion of equity generally held subject to original terms (Board discretion may apply)
Executive PR Plan - From 2019	Eligible participants receive performance rights at no cost.	Absolute total shareholder return (ATSR) against hurdles	3 years	No	Generally forfeited (Board discretion may apply)
Executive PR Plan - Prior to 2019	Eligible participants receive performance rights at no cost.	Total shareholder return (TSR) against peer group	3 years	No	Generally forfeited (Board discretion may apply)
Employee Deferred Share Plan - From 2019	Eligible participants receive deferred shares at no cost.	Individual performance criteria	3 years (Vesting in equal portions annually)	Yes	Generally forfeited (Board discretion may apply)
Employee Deferred Share Plan - Prior to 2019	Eligible participants receive deferred shares at no cost.		3 years	Yes	
Employee Deferred Share Rights Plan - From 2019	Eligible participants receive deferred rights at no cost.		3 years (Vesting in equal portions annually)	Yes	
Employee Deferred Share Rights Plan - Prior to 2019	Eligible participants receive deferred rights at no cost.		3 years	No	
OneIress Equity Plan	Eligible participants are invited to acquire Iress shares, Iress matches this participation to a set value or gifts a set value of shares or rights at no cost.	Nil	3 years	Yes	Generally retained

Further information on the Iress share plan can be read in the Annual Report of Iress Limited as at 31 December 2019. Copies of the Iress Limited financial statements are available from the Iress Limited website: www.iress.com

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

1.5 Share-based payments (continued)

(b) Grant date fair value

The grant date fair value of the Executive LTI Plans and the Employee Deferred Share Rights Plan are independently determined using a Monte Carlo simulation option pricing model using standard option pricing inputs such as the underlying share price, exercise price, expected dividends, expected risk free rates and expected share price volatility.

Key inputs are summarised below:

Key inputs in determining grant date fair value	Executive LTI Plan	Employee Deferred Share Rights Plan
Model used	Monte Carlo	Monte Carlo
Risk free rate	1.6 - 3%	1.6 - 3%
Share price volatility	22.5 - 27.5%	22.5 - 27.5%
Dividend yield	3.25% - 4.25%	3.25% - 4.25%

As the vesting conditions of the Employee Deferred Share Plan grants are not linked to company performance and participants receive dividends during the vesting period, the grant date fair value approximates the share price at the date of grant.

(c) Details of shares or rights on issue during the year and the amount expended during the year is shown below:

NUMBER OF SHARES								AT GRANT DATE		2019 £'000
Type	Grant date	Vesting date	At 1 Jan 2019	Granted	Forfeited	Vested	At 31 Dec 2019	Share price \$	Fair value \$	
Executive PR Plans										
2016 Grant	05/05/16	05/05/19	44,640	-	(1,482)	(43,158)	-	11.87	8.50	(17)
2017 Grant	11/05/17	11/05/20	48,391	-	(11,297)	-	37,094	12.24	7.13	(24)
2018 Grant	10/05/18	10/05/21	78,168	-	(24,449)	-	53,719	10.86	5.79	(40)
2019 Grant	09/05/19	09/05/22	-	40,560	-	-	40,560	14.22	12.73	(60)
2019 Grant - ER	28/02/19	26/02/21	-	127,048	-	-	127,048	14.22	12.00	(349)
2019 Grant	28/02/19	28/02/22	-	86,877	-	-	86,877	14.22	5.54	(78)
			171,199	254,485	(37,228)	(43,158)	345,298			(568)
Employee Deferred Share Plan										
2016 Grant	05/05/16	05/05/19	134,591	-	(6,234)	(128,357)	-	11.87	11.87	(95)
2017 Grant	11/05/17	11/05/20	200,991	-	(8,609)	(775)	191,607	12.24	12.39	(401)
2018 Grant	10/05/18	10/05/21	280,429	-	(13,042)	(624)	266,763	10.86	10.86	(511)
2019 Grant - EAG	28/02/19	28/02/22	-	336,007	(12,488)	-	323,519	14.22	12.00	(1,081)
			616,011	336,007	(40,373)	(129,756)	781,889			(2,088)
Employee Deferred Share Rights Plan										
2014 Grant - Special	01/01/14	31/12/18	57,244	-	(5,723)	(51,521)	-	8.27	7.73	-
2016 Grant	05/05/16	05/05/19	47,318	-	-	(47,318)	-	11.87	10.25	(30)
2017 Grant	11/05/17	11/05/20	51,944	-	(12,065)	-	39,879	12.24	10.86	(39)
2018 Grant	10/05/18	10/05/21	79,696	-	(24,422)	-	55,274	10.86	9.58	(68)
			236,202	-	(42,210)	(98,839)	95,153			(137)
Total			1,023,412	590,492	(119,811)	(271,753)	1,222,340			(2,793)

The weighted average remaining contractual life of the above grants is 1.4 years (2018: 1.6 years).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

1.6 Other income/(expenses)

(a) Included in other operating and other non-operating (expenses) income are the following items:

	Notes	2019 £'000	2018 £'000
Other operating (expenses)/income			
Income from property subleasing		329	-
Fees to auditor	1.6(b)	(155)	(105)
Irrecoverable trade debtors written off		(280)	-
Credit loss allowances released/(recognised) to the profit and loss		208	(431)
Consultancy expenditures		(361)	(295)
Rental expense relating to operating leases		-	(1,029)
Legal fees		(91)	(127)
Office costs		(1,791)	(1,886)
Marketing		(520)	(399)
Other expenses including administration expenses		(721)	(1,969)
Total net other operating expenses		(3,382)	(6,241)
Other non-operating (expenses)/income⁽¹⁾			
Software license fees ⁽²⁾		5,626	7,504
(Loss)/gain on disposal of plant and equipment		(1)	46
Unrealised losses on foreign currency balances		497	249
Business acquisition and integration (expense)/income		(11)	3
Other income/(expense)		10	(233)
Total net other non-operating income		6,121	7,569
Net other income		2,739	1,328

⁽¹⁾ Non operating expenses are expenses that are unrelated to Iress' core operations

⁽²⁾ Relates to inter-company fee received from Iress Limited representing contribution towards the ongoing development of key Iress group software and the continued development of global Iress platforms products and solutions.

(b) Fees to auditor, Deloitte LLP, for services rendered are as follows:

	2019 £'000	2018 £'000
Auditor of the parent entity		
Audit of the financial report	(117)	(105)
Other non-audit services ⁽¹⁾	(38)	-
Total fees to auditor	(155)	(105)

⁽¹⁾ Other services comprise assurance and other compliance reviews.

Audit fees represent fees paid or payable to Deloitte LLP and their associates for the audit of the Company's annual accounts. There were £38k fees paid for non-audit services during the year (2018: £Nil).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

1.7 Depreciation and amortisation

Computer and other plant and equipment are measured at cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis over its expected useful life of between 3 to 10 years.

	Notes	2019 £'000	2018 £'000
Depreciation and amortisation expense			
Amortisation	2.1	(3,450)	(4,172)
Depreciation - computer equipment		(1,271)	(1,177)
Depreciation - other plant and equipment		(313)	(157)
Depreciation - right-of-use assets		(1,313)	-
		(6,347)	(5,506)

1.8 Notes to the statement of cash flows

(a) Cash and cash equivalents comprise of:

	Credit Rating	2019 £'000	2018 £'000
Cash at bank in British Pounds Sterling	A1	2,392	1,993
Cash at bank in Euros	AA3	6	11
Cash at bank in United States Dollars	AA3	1	1
Total cash and cash equivalent		2,399	2,005

(b) Reconciliation of profit attributable to members of the parent entity to net cash flows from operating activities:

	2019 £'000	2018 £'000
Net profit after income tax expense	9,311	12,137
Adjustments for non-cash items and non-operating cashflow items:		
Depreciation and amortisation	6,347	5,506
Net credit loss allowances reversed on trade receivables	(208)	-
Impairment of intra-group asset	72	-
(Gains)/losses on fair value of financial instruments	(55)	36
Foreign exchange gains	(152)	-
Losses on sale of plant and equipment	1	-
Interest revenue	(579)	(372)
Financing costs	7,167	5,314
Taxation	3,914	1,705
Change in working capital and tax balances, net of effects from acquisition of controlled entities:		
Increase in receivables and other assets	(15,490)	(19,037)
Increase in payables and other liabilities	1,389	3,204
Cash generated from operating activities	11,717	8,493

(d) £0.3 million of annual leave accruals were reclassified from current provisions to current payables and other liabilities.

(c) Reconciliation of liabilities arising from financing activities:

	2018 £'000	Initial recognition £'000	Cash flow £'000	Interest expense £'000	2019 £'000
Lease Liability	-	6,705	1,389	113	5,019
Total Liabilities from financing activities	-	6,705	1,389	113	5,019



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

1.9 Transactions with related parties

Iress Limited ("IRE") is the ultimate holding company of the Group, who owns 100% (2018: 100%) ordinary shares in the parent company Iress International Holdings Proprietary Limited, who in turn owns 100% (2018: 100%) ordinary shares in Iress UK Holdings Limited. Iress Limited is a major supplier of equity market data to the Group.

All outstanding balances with related parties are priced on an arm's length basis, on commercial terms available in the market.

Details of borrowings from related parties and their associated terms are provided in Note 3.1.

Other receivables from/payables to related parties are on demand, unsecured and settled in cash.

No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

The Directors of Iress Limited have provided a letter of support to Iress UK Holdings Limited and its subsidiaries which states that Iress Limited:

- a) continues to support and provide additional finance to the Group for at least 12 months from the signing date of the financial statements; and
- b) will not demand payment of loans until such time as the subsidiary is able to repay such amounts without detriment to its operation as a going concern.

The fair value of the related party receivables and payable approximates its carrying value due to its short-term nature.

The net fees charged by fellow Iress Group entities amount to £1.284 million (2018: £0.544 million), and the outstanding balance at the end of the year is £15.564 million receivable (2018: £6.582 million receivable).

Related party transactions affecting profit or loss are as follows:

	2019	2018
	£'000	£'000
Fees received from related undertakings:		
Interest income	578	359
Group Service Fees	5,626	11,639
	6,204	11,998
	2019	2018
	£'000	£'000
Fees charged by related undertakings:		
Market data	(762)	(743)
Employee benefit recharges	(44)	(906)
Interest expenses ⁽¹⁾	(5,607)	(5,607)
Other recharges	(1,075)	(5,286)
	(7,488)	(12,542)
Net fees charged by related undertakings	(1,284)	(544)

⁽¹⁾ Settled in cash via monthly cash payments to Iress Limited

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

SECTION 2. ASSETS AND WORKING CAPITAL

2.1 Goodwill and other intangible assets

Intangible assets for the Group comprise of goodwill arising from business combinations, customer relationships, computer software and other intangibles (mainly acquired databases and brands). Intangible assets with finite lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Goodwill recognised arose from business combinations where the fair value of the consideration paid exceeded the fair value of the assets acquired. Goodwill is considered to have an indefinite life and is not amortised as it represents the synergistic benefits of bringing the businesses together.

Customer relationships, some computer software and other intangibles were acquired as part of business combinations. These intangible assets are initially recognised at their fair value at the acquisition date. Some of the computer software was separately acquired, and initially recognised at cost. Subsequent to initial recognition, intangible assets other than goodwill are amortised over the expected useful lives noted below.

Internally generated assets will be recognised where the cost of actual development can be reliably measured and clearly distinguished from research and ongoing operating and maintenance activities. Given software development occurs contemporaneously with the research phase and operating and maintenance activities, the separation of the cost of development can be imprecise and difficult to reliably measure. Accordingly, where the expenditure related to the development activity cannot be reliably measured, the Group expenses the amounts in the period they are incurred.

The estimated useful lives, residual values and amortisation method are reviewed at the end of each annual reporting period.

Amortisation is recognised on a straight-line basis over their estimated useful lives.

The following estimated useful lives are used in the amortisation calculation:

- Goodwill infinite
- Customer relationships 1-10 years
- Computer software 3-15 years
- Other intangible assets 1-10 years

The amortisation charge for each period is recognised in profit or loss.

Research and development expenses incurred during the year were £21.777 million (2018: £21.609 million). Refer to the Directors' Report on page 8 for further details.

(a) The carrying value of intangibles is shown below.

	Goodwill	Customer relationships	Computer software	Other intangibles	Total
	£'000	£'000	£'000	£'000	£'000
At 31 December 2018					
Cost	216,918	20,678	21,249	298	259,143
Accumulated amortisation	-	(12,427)	(18,780)	(92)	(31,299)
Carrying value	216,918	8,251	2,469	206	227,844
Movement for the year					
Balance at 1 January 2018	216,918	10,548	4,212	236	231,914
Internal development costs	-	-	102	-	102
Amortisation	-	(2,297)	(1,845)	(30)	(4,172)
Balance at 31 December 2018	216,918	8,251	2,469	206	227,844

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

2.1 Goodwill and other intangible assets (continued)

(a) The carrying value of intangibles is shown below (continued):

	Goodwill	Customer relationships	Computer software	Other intangibles	Total
	£'000	£'000	£'000	£'000	£'000
At 31 December 2019					
Cost	216,918	20,678	20,347	298	258,241
Accumulated amortisation	-	(14,716)	(18,816)	(121)	(33,653)
Carrying value	216,918	5,962	1,531	177	224,588
Movement for the year					
Balance at 1 January 2019	216,918	8,251	2,469	206	227,844
Internal development costs	-	-	194	-	194
Disposal	-	-	(1,096)	-	(1,096)
Amortisation eliminated on disposal	-	-	1,096	-	1,096
Amortisation	-	(2,289)	(1,132)	(29)	(3,450)
Balance at 31 December 2019	216,918	5,962	1,531	177	224,588

Significant intangible assets

In previous years, the Group acquired Avelo Lending, Proquote and Pulse customer contracts as part of the business combinations. The carrying amount of the Avelo Lending customer contracts of £0.452 million (2018: £1.397 million) will be fully amortised in 0.5 years (2018: 1.5 years). The carrying amount of the Pulse and Proquote customer contracts of £5.510 million (2018: £6.853 million) will be fully amortised in 6 years (2018: 7 years).

(b) Impairment testing for goodwill

Goodwill is tested for impairment annually or more frequently whenever indicators of impairment are identified. In testing for impairment, the carrying amount of each Cash Generating Unit (CGU) is compared against the recoverable amount.

The recoverable amount has been calculated based on the value in use, using a Discounted Cash Flow (DCF) approach. The DCF uses post-tax cash flow projections that are based on the most recent four year financial plan approved by the Board and is discounted at an appropriate after-tax discount rate taking into account the Group's weighted average cost of capital adjusted for any risks specific to the CGU.

Terminal growth rates applied in the DCF take into account historic growth trends, future strategy and the long-term outlook of the business. The allocation of goodwill to each CGU and assumptions applied in calculating the recoverable amounts of the goodwill in testing for impairment are as follows:

	Allocated Goodwill		Pre-Tax Discount Rates		Long-Term Growth Rates	
Cash generating unit	2019	2018	2019	2018	2019	2018
	£'000	£'000	%	%	%	%
UK	171,513	171,513	10.9	11.2	2.7	2.7
UK Lending	45,405	45,405	10.9	11.2	2.7	2.7
	216,918	216,918				

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

2.1 Goodwill and other intangibles (continued)

(b) Impairment testing for goodwill (continued):

Significant estimates and judgements made:

UK

The cashflow projections used in the impairment test includes recurring licence revenue from clients as well as revenue growth assumptions based on actual performance to date and the most recent four year financial plan approved by the Board. The key assumptions within this calculation include the four year compound revenue growth rate within the forecast period, the growth rate of 2.7% used to calculate the terminal value and the discount rate of 10.9% used to discount the forecast cashflows.

Key judgement

No impairment has been recognised at 31 December 2019. If the UK segment is unable to realise forecast growth targets, it could result in reduced headroom or impairment of some or all of the goodwill allocated to the UK CGU. Management work closely with Wealth and Trading clients to mitigate this risk and to ensure implementation contracts are converted into recurring licence revenue.

Key estimates

The recoverable amount of the goodwill has been calculated to be most sensitive to changes in the long term growth rate. For the carrying value of the goodwill to be equal to its recoverable amount, the long term growth rate would have to become negative. Alternatively, the four year revenue compound annual growth rates, which will include assumptions around new client wins, will need to decrease by 68% or the discount rate will need to increase by 71% from 10.9% to 18.6% - all of which are not deemed to be reasonably possible changes.

UK Lending

A number of clients have been successfully secured and implementations completed for MSOv2 during 2017 to 2019. The cashflow projections used in the impairment test includes recurring licence revenue from these clients as well as revenue growth assumptions based on actual performance to date and the most recent four year financial plan approved by the Board. This is based on new client wins in each year and the conversion of these new clients to paying recurring revenue licence fees. No further MSOv1 clients remain at the end of 2019. The key assumptions within this calculation include the four year compound revenue growth rate within the forecast period, the growth rate of 2.7% used to calculate the terminal value and the discount rate of 10.9% used to discount the forecast cashflows.

Key judgement

No impairment has been recognised at 31 December 2019. If the product is unable to realise forecast growth targets, it could result in reduced headroom or impairment of some or all of the goodwill allocated to the UK Lending CGU. Management work closely with MSO clients to mitigate this risk and to ensure implementation contracts are converted into recurring licence revenue.

Key estimates

The recoverable amount of the goodwill has been calculated to be most sensitive to changes in the four year compound revenue and long term growth rate. For the carrying value of the goodwill to be equal to its recoverable amount, the long term growth rate would have to become negative. Alternatively, the four year revenue compound annual growth rate, which will include assumptions around new client wins, will need to decrease by the equivalent of 320 basis points or the discount rate will need to increase by 21% from 10.9% to 14.4%.

(c) Intangible assets pledged as security

The Group does not have any intangible assets that have been pledged to secure borrowings of the Group or any restrictions on title and items pledged as security for liabilities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

2.2 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- Computer equipment 2-3 years
- Furniture and fixtures 3-5 years
- Leasehold improvements 3-5 years
- Office equipment 5 years

The depreciation charge for each period is recognised in profit or loss.

Plant and equipment held during the year are as follows.

	Computer equipment £'000	Furniture & fixtures £'000	Leasehold improvements £'000	Office equipment £'000	Total £'000
At 31 December 2018					
Cost	6,085	1,699	55	41	7,880
Accumulated depreciation	(4,097)	(1,358)	(52)	(31)	(5,538)
Carrying amount	1,988	341	3	10	2,342
Movement for the year					
Balance at 1 January 2018	1,930	454	2	2	2,388
Additions	1,240	40	3	12	1,295
Disposal	(5)	-	(2)	-	(7)
Depreciation	(1,177)	(153)	-	(4)	(1,334)
Balance at 31 December 2018	1,988	341	3	10	2,342

	Computer equipment £'000	Furniture & fixtures £'000	Leasehold improvements £'000	Office equipment £'000	Total £'000
At 31 December 2019					
Cost	6,122	1,804	128	19	8,073
Accumulated depreciation	(4,520)	(1,653)	(69)	(6)	(6,248)
Carrying amount	1,602	151	59	13	1,825
Movement for the year					
Balance at 1 January 2019	1,988	341	3	10	2,342
Additions	898	106	70	7	1,081
Disposal	(861)	-	(1)	(28)	(890)
Depreciation eliminated on disposal	848	-	1	27	876
Depreciation	(1,271)	(296)	(14)	(3)	(1,584)
Balance at 31 December 2019	1,602	151	59	13	1,825

Property, plant and equipment pledged as security

The Group does not have any property, plant and equipment that have been pledged to secure borrowings of the Group. In addition, the Group does not have any obligations under finance leases or any restrictions on title and items pledged as security for liabilities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

2.3 Leases

(a) Iress Group lease portfolio

The Group leases real estate in the ordinary course of its business. The Group's real estate leases comprise office building leases in the United Kingdom in which the Group operates. The Group previously classified these as operating leases under IAS 17 *Leases*.

The Group's lease portfolio is presented below

<i>Real estate leases</i>	The Group leases office buildings in the UK. The non-cancellable period of these leases range from 1 to 6.5 years.
<i>Sub-leases</i>	The Group leases an office building on a 10 year lease (the head lease) that commenced on 30 January 2016. The Group has entered into a sublease that leases part of the office building for 2 years until July 2020. Under IAS 17 <i>Leases</i> , the Group classified the head lease and the sub-lease as operating leases. Under IFRS 16 <i>Leases</i> the Group continues to classify the sub-lease as an operating lease.

(i) Group as a lessee

Right-of-use asset

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. For tax purposes the Group receives tax deductions in respect of the right-of-use assets and the lease liabilities in a manner consistent with the accounting treatment.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group's average incremental borrowing rate used is 1.95%.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- payment of penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is presented as a separate line in the Consolidated Statement of Financial Position.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group did not make any such adjustments during the periods presented.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of office and information technology equipment that have a lease term of 12 months or less or for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

2.3. Leases (continued)

(ii) Group as a lessor

When the Group acts as a lessor, which is generally when it sub-leases property on which it has entered a head lease as a lessee, it determines at the sub-lease inception whether each sub-lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case then the lease is a finance lease. If not, then it is accounted for as an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately.

It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains a lease and non-lease component, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'non-operating income'.

(b) Carrying value of right-of-use assets

The Group's right-of-use assets comprise real estate leases. Right-of-use assets have finite lives and are carried at cost less accumulated depreciation.

The carrying value of right-of-use assets is presented below:

	Office buildings	
	2019	2018
	£'000	£'000
Cost	12,459	-
Accumulated depreciation	(8,112)	-
Carrying value	4,347	-
Opening carrying value	-	-
Change in accounting policy ⁽¹⁾	5,660	-
Depreciation	(1,313)	-
Closing carrying value	4,347	-
Expected useful life (years)	2 to 10	

⁽¹⁾ Impact of adopting IFRS 16's modified retrospective approach under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Refer to note 4.3(a)(ii).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

2.3. Leases (continued)

(c) Lease liabilities

(i) Lease liabilities included in the statement of financial position at the end of the period:

	2019	2018
	£'000	£'000
Current	(1,037)	-
Non-current	(3,982)	-
Total	(5,019)	-

The Group's liquidity risk with regard to its lease liabilities is managed by inclusion of lease liability cashflows in the cashflow forecasts regularly monitored by the Group in line with the Group's treasury policy.

(ii) Reconciliation of the movement of the lease liabilities:

	2019	2018
	£'000	£'000
Opening carrying value	-	-
Change in accounting policy ⁽¹⁾	(6,408)	-
Settlement of lease liabilities	1,389	-
Closing carrying value	(5,019)	-

⁽¹⁾ Impact of adopting IFRS 16's modified retrospective approach under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Refer to note 4.3(a)(ii).

(iii) Maturity analysis - contractual undiscounted cash flows:

	2019	2018
	£'000	£'000
Less than one year	1,166	1,493
More than one year and not more than five years	3,291	3,639
More than five years	840	1,573
Total undiscounted lease liabilities at the end of the period	5,297	6,705

(d) Amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income

The table below shows the amounts recognised in the Statement of Profit or Loss affected by the application of the IFRS 16 for the current and prior year:

	2019	2018
	£'000	£'000
Depreciation expense on right-of-use assets	(1,313)	-
Interest expense on lease liabilities	(113)	-
Property lease expense	-	(1,029)
Expenses relating to short term or low value assets leases	(29)	(16)
Income from the subleasing of right-of-use assets	329	-

At 31 December 2019 and 31 December 2018, the Group was not committed to any short-term leases.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

2.3. Leases (continued)

(e) Operating lease arrangements

Operating leases, in which the Group is the lessor, relates to sub-leased office buildings with lease terms between 1 to 6.5 years. The lease contracts do not include extension or early termination options. The cash outflows relating to the head leases on these buildings are included in the amounts disclosed in Note 2.3(c)(i) above.

The Group is not significantly exposed to foreign currency risk as a result of the lease arrangements, as the sub-leases are denominated in the same currency as those of the head leases.

The lessee does not have the option to purchase the property at the expiry of the lease period.

Maturity analysis of the operating lease payments are presented below:

	2019	2018
	£'000	£'000
Year 1	165	329
Year 2	-	165
Total	165	494

2.4 Receivables and other assets

Trade receivables are recognised and carried at the original invoice less an allowance for any uncollectible amounts. A credit loss allowance for estimated irrecoverable amounts is recognised in the profit or loss and other when there is objective evidence that the asset is impaired.

Revenue arises from providing access to Iress software, rendering of services or recharging for access to capital markets data. Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognised over time as the relevant performance obligations identified in a customer contract are satisfied. Refer to Note 1.1 for further details of revenue recognition.

Where revenue recognised exceeds billings it results in a contract asset as disclosed in the table below, and where cash amounts are received in advance of revenue recognition it results in a contract liability as disclosed in Note 2.4.

Iress' credit terms are generally 30 days from the date of invoice. As such, the carrying amount of receivables approximates their fair value.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due

(a) Receivables and other assets comprises:

	2019	2018
	£'000	£'000
Trade receivables	6,991	7,738
Credit loss allowance	(232)	(440)
	6,759	7,298
Contract assets	7,173	3,036
Prepayments	1,640	1,174
Other Assets	142	501
	15,714	12,009

Refer to Note 3.3 for details of foreign exchange risk arising from financial instruments.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

2.4 Receivables and other assets (continued)

(b) Credit loss allowance

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Expected credit losses are measured by grouping trade receivables and contract assets based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

A provision matrix is then determined based on the historic credit loss rate for each group of customers, adjusted for any material expected changes to the future credit risk for that customer group. There were no undiscounted expected credit losses at initial recognition on financial assets initially recognised during the period.

The credit loss allowance as at the end of the year is determined as follows:

Provision matrix	2019	2018
	%	%
1 to 30 days	0.28	0.43
30 to 60 days	0.27	0.88
60 to 90 days	1.16	1.98
Over 90 days	0.51	2.02
Contract assets	0.14	0.15

Ageing of receivables	2019	2018
	£'000	£'000
1 to 30 days	5,687	5,217
30 to 60 days	742	1,346
60 to 90 days	173	174
Over 90 days	389	1,001
Total receivables	6,991	7,738
Contract assets	7,173	3,036

Estimated Credit Loss	2019	2018
	£'000	£'000
1 to 30 days	16	22
30 to 60 days	2	12
60 to 90 days	2	3
Over 90 days	2	20
Contract assets	10	4
Allowance based on historic credit losses	32	61
Adjustment for expected changes in credit risk ⁽¹⁾	200	379
Credit loss allowance	232	440

⁽¹⁾ Adjustment to reflect the higher credit risk and probability of default relating to customers that are over 90 days past due.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

2.4 Receivables and other assets (continued)

(c) Movement in the credit loss allowance

The movement in the credit loss allowance during the year is as follows.

	2019	2018
	£'000	£'000
Balance at the beginning of the year	(440)	(79)
Credit loss allowances recognised during the year	(72)	(431)
Credit loss allowance utilised during the year against irrecoverable trade debtors	280	70
Balance at the end of the year	(232)	(440)

(d) Quality of trade receivables

The quality of trade receivables and thus credit risk is monitored by the ageing of invoiced amounts yet to be received. The ageing at the end of the year is as follows:

	2019	2018
	£'000	£'000
Neither past due nor impaired - less than 30 days	5,577	5,163
Past due but not impaired:		
+31 to 90 days	883	1,501
+91 days	299	634
Impaired	232	440
	6,991	7,738

Receivables that are neither past due nor impaired comprise customers with a long term record of timely payments and/or no recent history of default arising from financial difficulty.

Receivables that are not impaired comprise customers which do not have any objective evidence that the receivable may be impaired. Iress has actively engaged these customers and reasons for the invoices remaining outstanding are being actively resolved. A credit loss allowance is recognised where:

- Iress has identified objective evidence that an amount owing may not be recoverable, mainly arising from observed financial difficulty of a customer, or
- Iress has identified a risk of expected credit loss based on historical trend of credit losses

(e) Receivables with related parties

Related party receivables mainly comprise intercompany accounts with Iress Limited, the ultimate holding company.

	2019	2018
	£'000	£'000
IRESS Data Pty Ltd (fellow subsidiary of Iress Ltd)	3,542	323
IRESS Limited (ultimate parent)	28,928	20,434
Quant House UK Limited (fellow subsidiary of Iress Ltd)	63	-
IRESS International Holding Pty Ltd (fellow subsidiary of Iress Ltd)	450	448
Receivables with related parties	32,983	21,205

The receivables are unsecured, interest bearing at market rates and not considered past due or impaired. No expense has been recognised in the current year or prior year for bad or credit allowances in respect of amounts owed by related parties.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

2.5 Payables and other liabilities

Payables and other liabilities are initially measured at fair value. Subsequent to initial measurement, these are recognised at amortised cost.

Liabilities are classified as current where Iress does not have an unconditional right to defer settlement beyond 12 months. Employee related liabilities primarily comprise of employees' annual leave, on-costs and other employee related entitlements. Contract liabilities represent amounts received from customers for which revenue has not been earned or recognised. Due to the short-term nature of current liabilities, the carrying amount approximates fair value.

(a) Payables and other liabilities comprise of:

	2019	2018
	£'000	£'000
Current		
Trade payables	907	972
Accruals	1,625	2,136
Audit fees accrual	117	90
Contract liabilities	1,502	2,203
VAT payable	623	972
Employee related liabilities ⁽¹⁾	2,124	1,706
Trade payables other	610	603
	7,508	8,682

(1) 10.3 million of annual leave accruals were reclassified from current provisions to current payables and other liabilities in accordance with FRS 102 paragraph 28.4.

Refer Note 3.3 for details of foreign exchange risk arising from financial instruments.

Liquidity risk arises from current payables and other liabilities that are payable in less than one year. The Group manages this liquidity risk by maintaining sufficient cash and current assets to meet the contractual obligations as they arise. Cash flow forecasts are regularly prepared and monitored to ensure that the Group has sufficient liquidity to meet its obligations.

(b) Payables with related parties

Related party payables mainly comprise unsecured intercompany accounts with Iress Limited, the ultimate holding company and Iress International Holding Pty Ltd, the parent:

	2019	2018
	£'000	£'000
IRESS Data Pty Ltd (fellow subsidiary of Iress Ltd)	207	513
IRESS Market Technology Canada LP (fellow subsidiary of Iress Ltd)	13	20
IRESS Limited (ultimate parent)	8,099	7,206
IRESS South Africa (Aust) Pty Ltd (fellow subsidiary of Iress Ltd)	-	3
IRESS International Holding Pty Ltd (fellow subsidiary of Iress Ltd)	8,717	6,881
Payables with related parties	17,036	14,623

All outstanding balances with related parties are priced on an arm's length basis, on commercial terms available in the market. The fair value of the related party receivables and payable approximates its carrying value due to its short-term nature.

Receivables from/payables to related parties are on demand, unsecured and settled in cash.

No guarantees have been given or received.

2.6 Commitments and contingencies

(a) Capital commitments

No capital expenditure has been contracted or provided for at balance date (2018: £Nil).

(b) Contingencies

There are no material contingent liabilities that have been contracted or provided for at the reporting date (2018: £Nil).



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

SECTION 3. DEBT AND EQUITY

3.1 Debt facilities and derivatives

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost.

Any gains or losses are recognised in the Statement of Profit or Loss in the event the borrowings are derecognised.

Borrowing costs are recognised in the profit and loss in the period in which they are incurred.

Interest expenses are recognised using the effective interest rate method.

(a) Details of borrowings held by the Group at the end of the year are as follows

	2019	2018
	£'000	£'000
Non-current		
50 year - Mandatorily Redeemable Convertible Preference Shares issued 26 October 2015, at 6% per annum.	23,500	23,500
50 year - Mandatorily Redeemable Convertible Preference Shares issued 30 December 2016, at 6% per annum.	36,953	36,953
50 year - Mandatorily Redeemable Convertible Preference Shares issued 9 September 2013, at 6% per annum. Transferred from Apollo I Australia Pty Ltd as general partner for Iress (AUS) Limited Partnership to Iress International Holding Pty Ltd on 31 October 2017	33,000	33,000
Total borrowings	93,453	93,453

All the above borrowings are with Iress Limited or fellow subsidiaries. The preference shares do not carry any equity component and are classified as financial liabilities in their entirety. Further disclosure included in note 5.4.

(b) Derivatives

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently revalued to fair value at the end of each reporting period.

The derivative below is an internal cross currency swap between Iress Limited (the ultimate holding company) and Iress UK Limited.

	2019	2018
	£'000	£'000
Assets at fair value		
3 year receive AUD / pay GBP to September 2021	-	434
Liabilities at fair value		
3 year receive AUD / pay GBP to September 2021	929	-

The fair value of the derivative is determined by calculating the future cash flows that are estimated based on forward interest rates and exchange rates (from observable yield curves at the end of the reporting period) and contract interest rates, and then discounting the future cash flows at a rate that reflects the credit risk of various counterparties. The latest spot rate is used.

The fair value is classified as Level 2 as the calculation is based on observable inputs. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

No credit risk adjustments have been recognised on the fair value of the derivative assets as these are immaterial

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

3.1 Debt facilities and derivatives (continued)

(c) Contractual maturity analysis

Contractual cash outflow maturity analysis is shown based on undiscounted cash flows. An estimate – based on forward interest rates and foreign currency rates – has been applied in determining interest and foreign cash outflows (inflows). The actual contractual outflow may vary to the amounts disclosed.

31 December 2018	On demand	Within 1 year	1-3 years	Greater than 3 years
Outflows/(inflows)	£'000	£'000	£'000	£'000
50 year MRCPS - principal	-	-	-	93,453
50 year MRCPS - interest	-	5,607	11,214	244,247
3 year cross currency swap - principal exchange ⁽¹⁾	-	-	(256)	-
3 year cross currency swap - interest ⁽¹⁾	-	(415)	(726)	-
	-	5,192	10,232	337,700

31 December 2019	On demand	Within 1 year	1-3 years	Greater than 3 years
Outflows/(inflows)	£'000	£'000	£'000	£'000
50 year MRCPS - principal	-	-	-	93,453
50 year MRCPS - interest	-	5,607	11,214	238,640
3 year cross currency swap - principal exchange ⁽¹⁾	-	-	991	-
3 year cross currency swap - interest ⁽¹⁾	-	(39)	(29)	-
	-	5,568	12,176	332,093

⁽¹⁾ Represents expected net cash exchange in AUD that occurs at settlement. Under the terms of the swap, the settlements are on a gross basis where Iress receives AUD and pays GBP.

The MRCPS are classified as non-current as they are not callable by the holder and can only be redeemed before maturity at the request of the issuer. The issuer has no intention of redeeming any or all of the MRCPS within the next 12 months.

(d) Net interest expense and financing costs for the year comprised of the following:

	2019	2018
	£'000	£'000
Interest revenue		
Interest received on bank deposits	1	12
Interest received from group undertakings	297	16
Interest income on cross currency swap with group undertakings measured at FVTPL	281	344
Total interest receivable	579	372
Interest expense and financing costs		
Interest expense of lease liabilities	(113)	-
Interest paid on bank overdraft	(28)	-
Interest paid on MRCPS measured at amortised cost	(5,607)	(5,607)
Net (losses)/gains on cross currency swaps with group undertaking measured at FVTPL	(1,419)	293
Total interest payable	(7,167)	(5,314)
Net interest expense and financing costs	(6,588)	(4,942)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

3.2 Share capital

	2019	2018
	Number of shares	Number of shares
	'000	'000
IRESS UK Holdings Limited		
<i>Authorised, Issued and fully paid at the end of the year:</i>		
50,275,706 Class A Ordinary shares at £1 each	50,276	50,276
	50,276	50,276

There are no restrictions attached to A Ordinary Shares.

3.3 Managing financial risks

(a) Market risks

Interest rate risk

The Group's exposure to interest rate risk mainly arises from its variable interest rate borrowings and floating rate cross currency swaps.

Interest rate sensitivity analysis

A sensitivity analysis has been determined based on the exposure to interest rates for derivative instruments at the reporting date. The analysis is prepared assuming the amount outstanding at the reporting date was outstanding for the whole year.

A decrease in the benchmark UK interest rates of 50 basis points (0.5%), with all other factors held constant, would result in a decrease in the annual net interest cost of the Group by £0.165 million (2018: £0.468 million) with a corresponding increase in profit. This should not be considered a prediction, and actual results may be different from this estimate. The sensitivities are considered a reasonable approximation of possible changes.

Foreign currency risk

The Group is exposed to foreign currency risk mainly from a cross currency derivative. Additional foreign currency risk arises from cash balances, receivables and payables denominated in foreign currency. Therefore, the Group is exposed to exchange rate fluctuations. The Group's exposure to foreign currency arise from monetary balances in a currency other than the functional currency of each of the Group's subsidiary (assessed from the context of that subsidiary).

The material exposure to foreign currency movements arises from balances denominated in AUD dollars as summarised below:

	2019		2018	
	Carrying value	AUD/GBP exposure	Carrying value	AUD/GBP exposure
	£'000	£'000	£'000	£'000
Financial assets				
Cash and cash equivalents	2,399	-	2,005	-
Trade receivables	6,759	-	7,298	-
Receivables with related parties	32,983	-	21,205	-
Derivative asset	-	-	434	33,256
Total financial assets	42,141	-	30,942	33,256
Financial liabilities				
Trade payables	907	-	972	-
Payables with related parties	17,036	-	14,623	-
Derivative liability	929	32,009	-	-
Borrowings non-current	93,453	-	93,453	-
Total financial liabilities	112,325	32,009	109,048	-
Net exposure to FX risk		32,009		33,256

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

3.3 Managing financial risks (continued)

(a) Market risks (continued)

Foreign currency sensitivity analysis

The Group is mainly exposed to fluctuations in the AUD. The following table details the Group's sensitivity to a 1% change in the AUD against the GBP.

	2019	2018
	£'000	£'000
Impact of 1% change appreciation of GBP to profit and loss and equity	(320)	(333)

(b) Capital risk management

Capital risk management is monitored and managed at the Iress Limited group level. As disclosed in the Iress Limited annual report, the Iress Limited group manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders.

In order to maintain or adjust the capital structure, the Iress Limited group may adjust the dividends amount paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Iress Limited group is not subject to any regulatory capital requirements. The capital structure of the Group consists of net debt (borrowings disclosed in notes 3.1 and 3.3 after deducting cash and bank balances) and equity of the Group (comprising issued capital disclosed in note 3.2 and reserves and retained earnings).

Management reviews the capital structure of the Group on a regular basis. As part of this review, the cost of capital and the risks associated with each class of capital is considered.

The Group's year end gearing ratio is outlined below:

	2019	2018
	£'000	£'000
Debt	93,453	93,453
Less cash	(2,399)	(2,005)
Net debt⁽¹⁾	91,054	91,448
Total equity	156,802	148,100
Net debt plus total equity	247,856	239,548
Gearing ratio	36.7%	38.2%

⁽¹⁾ Measured as borrowings excluding net derivative liabilities/assets less cash and cash equivalents.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

SECTION 4. OTHER DISCLOSURES

4.1 Taxation

Total income tax expense or benefit comprises current and deferred tax recognised in the Statement of Profit or Loss in the period.

Current tax

Current tax comprises expected tax payable/receivable on the entity's taxable income/loss which is recognised in the Statement of Profit or Loss in the current year, as well as any adjustments to tax payable/receivable recognised in the current year which relate to taxable income/loss recognised in the Statement of Profit or Loss in prior years.

Current tax is measured using the applicable income tax rates which are enacted, or substantively enacted, at the reporting date.

Deferred tax

Deferred tax represents the movements in deferred tax assets and liabilities which have been recognised in the period and which are attributable to amounts recognised in the Statement of Profit or Loss in the current year, as well as amounts recognised in the Statement of Profit or Loss in prior years. Deferred tax assets and liabilities are attributable to temporary differences between the carrying amount of assets and liabilities recognised for financial reporting purposes and the tax base of assets and liabilities recognised for tax purposes.

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent it is probable that future taxable profits will be available against which they can be realised. Future taxable profits are projected using the 5 year annual operating plan approved by the Iress Group board.

Deferred tax liabilities are recognised for all assessable temporary differences as required by accounting standards.

Deferred tax is determined using tax rates which are expected to apply when the deferred tax asset/liability is expected to be realised/settled based on laws which have been enacted or substantively enacted at the reporting date. The measurement of deferred tax also reflects the tax consequences flowing from the manner in which the entity expects, at the reporting date, to realise or settle the carrying amount of its assets and liabilities.

Critical accounting judgement with respect to deferred tax balances:

The recognition and measurement of deferred tax requires the application of judgement in assessing the amount, timing and probability of future taxable profits and repatriation of retained earnings. These factors affect the determination of the appropriate rates of tax to apply and the recoverability of deferred tax assets. These judgements are influenced, inter alia, by factors such as estimates of future revenue, operating costs and future capital expenditure.

(a) Income tax for the year including current and deferred tax is as follows:

	2019	2018
	£'000	£'000
Income tax expense recognised in profit or loss		
Current income tax		
Current income tax charge	3,810	2,674
Adjustments in respect of current income tax of the previous year	197	(643)
	4,007	2,031
Deferred income tax		
Origination and reversal of temporary differences	77	45
Adjustments in respect of deferred income tax of the previous year	(170)	(371)
	(93)	(326)
Total income tax expense recognised in profit or loss	3,914	1,705

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

4.1 Taxation (continued)

(b) Reconciliation of profit before income tax to total tax expense is as follows:

	2019	2018
	£'000	£'000
Profit from continuing operations before income tax expense	13,225	13,842
Tax at the UK corporation tax rate of 19% (2018: 19%)	2,513	2,630
Income tax adjustments:		
Effect of non-assessable income and non-deductible expenses	1,382	1,087
Employee Share Plan	(20)	(1,049)
Prior year adjustments for current tax of prior years	156	(643)
Prior year adjustment for deferred tax of prior years	(129)	(371)
Other	12	51
Income tax expense	3,914	1,705

(c) Deferred tax assets and liabilities arise from:

For the year ended	Opening balance	Charged to income	Charged to OCI/Equity	Closing balance
31 December 2018	£'000	£'000	£'000	£'000
Deferred tax assets				
Plant and equipment	1,264	(74)	-	1,190
Provisions and accruals	41	10	-	51
Carry forward tax losses	1,250	(487)	-	763
Share based payments	-	416	12	428
Total deferred tax assets	2,555	(135)	12	2,432
Deferred tax liabilities				
Computer software	(286)	82	-	(204)
Intangibles	(1,833)	379	-	(1,454)
Total deferred tax liabilities	(2,119)	461	-	(1,658)

For the year ended	Opening balance	Charged to income	Charged to OCI/Equity	Closing balance
31 December 2019	£'000	£'000	£'000	£'000
Deferred tax assets				
Plant and equipment	1,190	(139)	-	1,051
Provisions and accruals	51	10	-	61
Carry forward tax losses	763	(377)	-	386
Share based payments	428	228	-	656
Leases	-	(128)	139	11
Total deferred tax assets	2,432	(406)	139	2,165
Deferred tax liabilities				
Computer software	(204)	109	-	(95)
Intangibles	(1,454)	389	-	(1,065)
Total deferred tax liabilities	(1,658)	498	-	(1,160)



Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

4.1 Taxation (continued)

(d) Unused tax losses incurred during the year

At the reporting date, the Group has unused tax losses of £2.0 million (2018: £4.0 million) available for offset against future profits. A deferred tax asset has been recognised for all unused tax losses of £2.0 million (2018: £4.0 million).

(e) Factors that may affect future charges

The UK corporation tax rate reduced from 20% to 19% with effect from 1 April 2017. On 11 March 2020, the Corporation Tax main rate for the financial year beginning 1 April 2020 was maintained at 19%, rather than reducing it to 17% from 1 April 2020, as was previously substantively enacted on 6 September 2016. The charge to Corporation Tax and the main rate was also set at 19% for the financial year beginning 1 April 2021. The prevailing rate of corporation tax at the Statement of Financial Position date at which the deferred tax will reverse is therefore 17% and this has been applied to calculate the deferred tax position at 31 December 2019 (2018: 17%).

4.2 General information and audit exemption of qualifying subsidiaries

General information

Iress UK Holdings Limited ("the Company") is a private company limited by shares, and incorporated in England and Wales, under the Companies Act 2006. The address of the registered office is given on page 3. The nature of the Company's operations and its principal activities are set out in the Strategic and Directors' Report on pages 4 to 9. Iress UK Holdings Limited group is the smallest group for which consolidated financial statements are prepared.

The parent company is Iress International Holdings Proprietary Limited, a for-profit entity registered in Australia.

Iress Limited is the ultimate parent and controlling party of the Group, which is incorporated in Australia and is a for-profit entity listed on the Australian Securities Exchange. The Iress Limited group is the largest group of which the Company is a member that prepares group accounts including the results of the Company.

The business registered address of Iress limited is:

Level 16,
385 Bourke Street,
Melbourne,
VICTORIA,
3000,
Australia.

Copies of the Iress Limited financial statements are available from the Iress Limited website: www.iress.com

Iress UK Holdings Limited does not form part of any other sub-consolidations in the Iress Group.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in Note 4.3.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

4.2 General information and audit exemption of qualifying subsidiaries (continued)

Audit exemption of qualifying subsidiaries

The subsidiaries of the Company are exempt from the requirements of this Act relating to the audit of individual accounts by virtue of section 479C CA06. The following subsidiaries, all incorporated in England and Wales, are exempt from the requirements of the CA 2006 relating to the audit of accounts under section 479A (section 479A(2)(d)):

Subsidiary name	Registration Number	Parent Company	Class of Shares	Shareholding % ⁽¹⁾
IRESS (UK) Limited	06836280	IRESS UK Holdings Limited	Ordinary shares	100%
IRESS FS Group Limited	05455415	IRESS (UK) Limited	Ordinary shares	100%
IRESS FS Limited	02958430	IRESS FS Group Limited	Ordinary shares	100%
IRESS Mortgage Services Limited	03598058	IRESS FS Limited	Ordinary shares	100%
IRESS Portal Limited	02596452	IRESS FS Limited	Ordinary shares	100%
IRESS Technology Limited	07784841	IRESS FS Limited	Ordinary shares	100%
Proquote Limited	03851830	IRESS FS Limited	Ordinary shares	100%
IRESS Web Limited	05501526	IRESS FS Limited	Ordinary shares	100%
IRESS Solutions Limited	03896352	IRESS FS Limited	Ordinary "A" Shares Ordinary "B" Shares	100% 100%
TrigoldCrystal Limited	03598974	IRESS Solutions Limited	Ordinary shares	100%
Pulse Software Systems Limited	08230913	IRESS FS Limited	Ordinary "A" Shares Ordinary "B" Shares Ordinary Shares	100% 100% 100%
Pulse Software Management Limited	03188887	Pulse Software Systems Limited	Ordinary "A" Shares Ordinary "B" Shares	100% 100%
O&M Systems Limited*	08739985	IRESS FS Limited	Ordinary shares	100%
O&M Life & Pensions Limited*	02717535	O&M Systems Limited	Ordinary shares	100%

⁽¹⁾ Percentage holding is based on Iress UK Holdings Limited effective holding interest

* On 10 March 2020 the Company acquired 100% of the share capital of O&M Systems Limited, a UK registered company which provides solutions for advisers involved in pension and investment planning. O&M Systems Limited holds 100% of the share capital of O&M Life & Pensions Limited.

The holdings in subsidiaries by the parent company is the same as that of the Group companies. The subsidiaries listed above are included in these consolidated financial statements.

The business registered address of all the above listed subsidiaries is:

1 Kingmaker Court
Warwick Technology Park
Warwick
CV34 6DY
United Kingdom

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

4.2 General information and audit exemption of qualifying subsidiaries (continued)

Details of the subsidiaries and principal activities are as follows:

- Iress (UK) Limited is the holding company of Iress FS Group Limited.
- Iress FS Group Limited is the holding company of Iress FS Limited.
- *Iress FS Limited's principal activity during the year was the development and support of software for the financial services industry through its subsidiaries as detailed below.*
- Proquote Limited provides professional financial data and trading systems and the distribution of financial market data.
- Iress Portal Limited provides an online comparison market place (Exchange Portal) that facilitates product quotes and subsequent transactions between buyers (distributors) and sellers (providers) of financial products.
- Iress Mortgage Services Limited is a non-trading dormant company.
- Iress Solutions Limited is a non-trading dormant company.
- Iress Technology Limited is a non-trading dormant company.
- *Iress Web Limited is a non-trading dormant company.*
- Trigold Crystal Limited is a non-trading dormant company.
- Pulse Software Systems Limited is a non-trading dormant company.
- Pulse Software Management Limited is a non-trading dormant company.
- * O&M Systems Limited is the holding company of O&M Life & Pensions Limited
- * *O&M Life & Pensions Limited provides solutions for advisers involved in pension and investment planning.*

* On 10 March 2020 the Company acquired 100% of the share capital of O&M Systems Limited, a UK registered company which provides solutions for advisers involved in pension and investment planning. O&M Systems Limited holds 100% of the share capital of O&M Life & Pensions Limited.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

4.3 Basis of preparation

This is the general purpose financial report for Iress UK Holdings Limited (the 'Company') and its subsidiaries (collectively referred to as the 'Group' or 'Iress') for the year ended 31 December 2019. It:

- has been prepared in accordance with the Companies Act 2006, and International Financial Reporting Standards (IFRS);
- was authorised for issue by the Directors on 1 December 2020;
- has been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value;
- has all amounts presented in UK pound sterling, unless otherwise stated; and
- has amounts rounded off to the nearest thousand pounds (GBP), unless otherwise stated.

(a) Adoption of new standards

The Group has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are relevant to its operations and effective for annual reporting periods on or after 1 January 2019.

None of these standards have had a material impact on Iress in the current or future reporting periods or on foreseeable future transactions.

In the current year, the Group has applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019.

Other than IFRS 16 *Leases*, their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The impact of adopting IFRS 16 *Leases* on the Group is described in detail below.

(i) IFRS 16 *Leases* overview

IFRS 16 is effective for years commencing 1 January 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as required by IAS 17 *Leases* ("IAS 17") and instead introduces a single lessee accounting model.

Applying the model, a lessee is required to recognise:

- assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
- amortisation of lease assets separately from interest on lease liabilities in the Statement of Profit or Loss.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group adopted IFRS 16 from 1 January 2019 and elected to apply the modified retrospective approach to their real estate leases. For these leases, which were classified as operating leases under IAS 17, the Group has recognised right-of-use assets and lease liabilities as at the transition date (1 January 2019).

The Group elected to apply the recognition exemption for leases of low-value assets or short term leases including office equipment such as printers, coffee machines and other information technology related equipment for use by staff in its offices.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Group applied this approach to its property leases; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments

See note 2.3 for more information on the effect of IFRS 16 on the financial performance and position of the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

4.3 Basis of preparation (continued)

(a) Adoption of new standards (continued)

(i) IFRS 16 *Leases* overview (continued)

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- adjusted the right-of-use assets by the amount of any recognised IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with lease terms less than 12 months;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The net effect on 1 January 2019 of the recognition of the new right-of-use assets and lease liabilities, adjusted for deferred tax and the reversal of the existing straight-line lease and incentive liability, were recognised against retained earnings. The impact is disclosed below in Note 4.3 (a)(iii).

(ii) Significant accounting policies resulting from the adoption of IFRS 16 *Leases*

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

The policy applicable from 1 January 2019

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and instead accounts for the lease and non-lease components as a single lease component.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

4.3 Basis of preparation (continued)

(a) Adoption of new standards (continued)

(ii) Significant accounting policies resulting from the adoption of IFRS 16 *Lease* (continued)

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveys the right to use the asset if one of the following were met:
 - the Group had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the Group had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

Refer to Note 2.3 Leases for disclosures on the adoption of IFRS 16 *Leases* on the Group.

(iii) Impact on the financial statements

Group as a lessee

The table below summarises the impacts of the adoption application of IFRS 16 for each line item on the Group's consolidated financial statements:

Impact on assets, liabilities and equity in the Statement of Financial Position as at 1 January 2019:

Balances as at 1 January 2019	Impact of changes in IFRS 16 accounting policy		
	Balances prior to adoption	Accounting policy adjustments	Balance as restated
	£'000	£'000	£'000
Right-of-use assets ⁽¹⁾	-	5,660	5,660
Lease liabilities non-current ⁽¹⁾	-	(6,408)	(6,408)
Deferred tax assets ⁽²⁾	2,432	139	2,571
Retained earnings ⁽³⁾	(97,824)	609	(97,215)

⁽¹⁾ The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and lease liabilities. It resulted in a decrease in other expenses and an increase in depreciation and interest expense.

⁽²⁾ Impact of the deferred tax assets and liabilities as a result of the recognition of the right-of-use-assets and the lease liabilities

⁽³⁾ Impact of adopting the modified retrospective approach under IFRS 16 in which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

See note 2.3 for more information on the effect of IFRS 16 on the financial performance and position of the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

4.3 Basis of preparation (continued)

- (a) Adoption of new standards (continued)
(iii) Impact on the financial statements (continued)

Impact on the Group's consolidated statement of cash flows

Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated by operating activities has increased by £1.502 million for the year ended 31 December 2019 and net cash used in financing activities increased by the same amount.

The adoption of IFRS 16 did not have an impact on net cash flows.

Group as lessor

The Group, as lessor, continued to classify its sub-lease agreements as operating leases and there were no changes to the accounting treatment. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Other Income'.

- (b) Accounting standards in issue but not yet effective

At the date of authorisation of the financial statements, the following new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not yet been applied by the Group within this financial report:

· IFRS 3 <i>Business combinations</i> (amendments)	- <i>Definition of a business</i> ⁽¹⁾
· IFRS 10 and IAS 128 (amendments)	- <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁽¹⁾
· IFRS 17 <i>Insurance contracts</i>	- <i>Measurement of insurance liabilities</i> ⁽²⁾
· IAS 1 and IAS 8 (Amendments)	- <i>Definition of Material</i> ⁽¹⁾

⁽¹⁾ Effective for annual periods beginning on or after 1 January 2020, with earlier application permitted.

⁽²⁾ Effective for annual periods beginning on or after 1 January 2021.

Management have assessed the impact of the adoption of these Accounting Standards and Interpretations in future periods on the financial statements of the Group.

Management does not believe these Accounting Standards and Interpretations will have a material impact in future periods on the financial statements of the Group at this point in time.

- (c) Summary of general accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

i) Consolidation

The consolidated financial statements include the financial statements of the company, and the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

An entity is controlled when Iress is exposed to, or has rights to, variable returns from involvement with the entity and has the ability to affect those returns through power over the entity.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

In reporting the consolidated financial statements, all intercompany balances and transactions, and unrealised profits or losses within the Group are eliminated in full.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

4.3 Basis of preparation (continued)

(c) Summary of general accounting policies (continued)

ii) Foreign currency translation

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency).

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each Statement of Financial Position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the Statement of Financial Position date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (attributed to non-controlling interests as appropriate).

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at the reporting date are translated at the exchange rate existing at the reporting date.

Exchange differences are recognised in profit or loss in the period in which they arise except that exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve in the consolidated financial statements and recognised in profit or loss on disposal of the net investment.

Foreign operations

Assets and liabilities of foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Any exchange differences are recognised in equity. On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

m) Revenue

Revenue is generated mostly from UK customers. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The Group's revenue mainly arises from services rendered or access to software.

Licence revenue from a contract to provide access to use of the software is recognised once access is granted and spread over the licence period.

Revenue from a contract to provide services is recognised by reference to the performance obligation of the contract.

The performance obligation of the contract is determined as follows:

- installation fees are recognised by reference to the performance obligation of the installation, determined as the proportion of the total time expected to install that has elapsed at the Statement of Financial Position date;
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses incurred.

Interest income is accrued on a time proportion basis by reference to the principal balance outstanding and the interest rate applicable.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

4.3 Basis of preparation (continued)

(c) Summary of general accounting policies (continued)

iv) Going concern

As at 31 December 2019, the Group is in a net current asset position of £23.401 million (2018: £10.159 million). The Group's total current assets excluding net related party trade receivables exceeded its total current liabilities by £7.454 million (2018: £3.577 million).

The Directors of Iress Limited have provided a letter of support to Iress UK Holdings Limited and its subsidiaries which states that Iress Limited:

- continues to support and provide additional finance to the Group for at least 12 months; and
- will not demand payment of loans until such time as the subsidiary is able to repay such amounts without detriment to its operation as a going concern.

The Directors of Iress UK Holdings Limited have a reasonable expectation that the Group has access to adequate resources to continue in operational existence for the foreseeable future. As part of their comprehensive assessment of whether the Group is a going concern, the Directors have reviewed Group cash flow and solvency forecasts for a period of at least 12 months from the date of authorising the financial statements.

v) Accounting for non-controlling interests

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

vi) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

4.3 Basis of preparation (continued)

(c) Summary of general accounting policies (continued)

v1) Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously-held interests in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

vii) Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Recoverable amount is the higher of fair value less costs of disposal 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.

viii) Impairment of tangible and intangible assets excluding goodwill

At each Statement of Financial Position date, the Group reviews the carrying amounts of its tangible and intangible 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal 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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

4.3 Basis of preparation (continued)

(c) Summary of general accounting policies (continued)

viii) Impairment of tangible and intangible assets excluding goodwill (continued)

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.

ix) Financial instruments

Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised as a gain or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss such that it reaches a value of zero at the time when the entire contract can be valued using active market quotes or verifiable objective market information. Depending on the type of financial instrument, the Group can adopt one of the following policies for the amortisation of day 1 gain or loss:

- calibrate unobservable inputs to the transaction price and recognise the deferred gain or loss as the best estimates of those unobservable inputs change based on observable information; or
- release the day 1 gain or loss in a reasonable fashion based on the facts and circumstances (i.e. using either straight-line or non-linear amortisation).

Financial assets

The Company's financial assets include cash and cash equivalents and trade and other receivables. All financial assets are initially recognised at fair value plus transaction costs, when the Company becomes a party to the contractual provisions of the instrument. Interest resulting from holding financial assets is recognised in the statement of comprehensive income on an accruals basis.

Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. A credit loss allowance for impairment of trade and other receivables is made when objective evidence is received that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

A provision matrix is determined based on historic credit loss rate for each group of customers, adjusted for any material expected changes to the customers future credit risk.

The amount of the impairment is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective rate computed at initial recognition. Any change in value through impairment or reversal of impairment is recognised in the statement of comprehensive income.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

4.3 Basis of preparation (continued)

(c) Summary of general accounting policies (continued)

ix) Financial instruments (continued)

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred, and that transfer qualifies for de-recognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Company retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for de-recognition if the Company transfers substantially all the risks and rewards of ownership of the asset.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and on-demand deposits, and other short-term highly liquid investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Share capital represents the nominal value of equity shares issued. Share premium represents the excess over nominal value of the fair value of the consideration received for equity shares, net of direct issue costs.

Retained earnings include all current and prior year results as disclosed in the statement of comprehensive income. Retained earnings include realised and unrealised profits. Profits are considered unrealised where they arise from movements in the fair value of investment properties that are considered to be temporary rather than permanent.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the fair value of proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the statement of comprehensive income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Leases

Group as lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2019

4.3 Basis of preparation (continued)

(c) Summary of general accounting policies (continued)

Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of office and information technology equipment that have a lease term of 12 months or less or for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Group as lessor

The Group, as lessor, recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Other Income'.

(d) Key sources of judgements and estimation uncertainty

The preparation of the financial statements requires the Company to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on the Directors' best judgement at the date of preparation of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

Judgements

The areas where a higher degree of judgement or complexity arises are discussed in Note 1.1 relating to revenue recognition on long term contracts, Note 2.1(b) relating to goodwill impairment testing and Note 4.1 relating to recognition and measurement of deferred tax.

Estimates

Significant estimates made in relation to the impairment testing for goodwill. Refer to note 2.1(b) for further details.

There are no other areas where assumptions and estimates are significant to the financial statements.

4.4 Events subsequent to financial position date

Apart from those listed below, there have been no matter or circumstances which have arisen since the end of the financial year which have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent years.

As at 31 December 2019 China had alerted the World Health Organisation (WHO) of several cases of an unusual form of pneumonia in Wuhan. However, substantive information about what has now been identified as COVID-19 only came to light in early 2020. There has been no significant impact of COVID-19 noted on the Group's performance to date. Given the high proportion of recurring revenue and cash generative nature of the business the Group does not expect a significant direct impact. The Group is exposed to indirect economic impacts which are harder to predict and are being closely monitored.

On 10 March 2020, Iress completed the acquisition of 100% of the share capital of O&M Systems Ltd (O&M), who provide a system for pension and investment planning.

During February 2020 and June 2020, the Group entered into 10 year lease agreements for two new properties and a 10 year extension to an existing lease. All leases have a 5 year break clause. There is no significant financial impact on the group as the new leases replaced existing property leases with similar terms.

On 28 April 2020, an in specie dividend of £13.960m was declared and paid.

Company Financial Statements

Company Statement of Financial Position

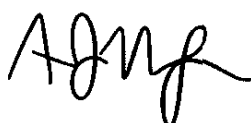
As at 31 December 2019

	Notes	2019 £'000	2018 £'000
ASSETS			
Current assets			
Trade and other receivables		1	456
Receivables with related parties	5.1	2,780	2,373
Total current assets		2,781	2,829
Non-current assets			
Investments in subsidiaries	5.2	226,253	226,253
Redeemable preference shares	5.3	32,641	32,641
Total non-current assets		258,894	258,894
Total assets		261,675	261,723
LIABILITIES			
Current Liabilities			
Payables with related parties	5.1	37,121	31,535
Total current liabilities		37,121	31,535
Non-current liabilities			
Debt facilities	5.4	93,453	93,453
Total non-current liabilities		93,453	93,453
Total liabilities		130,574	124,988
Net assets		131,101	136,735
EQUITY			
Issued capital	3.2	50,276	50,276
Retained earnings		80,825	86,459
Total equity		131,101	136,735
Revenue			
		-	-
Total comprehensive loss for the period		(5,634)	(5,618)

The notes on pages 61 to 63 form part of these financial statements.

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own Statement of Profit or Loss for the year. The Company reported a loss for the year ended 31 December 2019 of £5.6 million (2018: loss of £5.6 million).

Signed on behalf of the Board of Directors by:



A Morgan
Director
Warwick

The parent company financial statements on pages 59 to 63 were authorised for issue by the Directors on 1 December 2020.

Iress UK Holdings Limited (Registered company number: 08612198)

Company Financial Statements (continued)

Company Statement of Changes in Equity

For the year ended 31 December 2019

	Notes	Issued capital £'000	Accumulated profit £'000	Total equity £'000
Balance at 1 January 2018		50,276	92,077	142,353
Loss for the year		-	(5,618)	(5,618)
Total comprehensive loss for the year		-	(5,618)	(5,618)
Balance at 31 December 2018		50,276	86,459	136,735

	Notes	Issued capital £'000	Accumulated profit £'000	Total equity £'000
Balance at 1 January 2019		50,276	86,459	136,735
Loss for the year		-	(5,634)	(5,634)
Total comprehensive loss for the year		-	(5,634)	(5,634)
Balance at 31 December 2019		50,276	80,825	131,101

Notes to the Company Financial Statements

For the year ended 31 December 2019

SECTION 5. NOTES TO THE COMPANY FINANCIAL STATEMENTS

5.1 Trade receivables and payables with related parties

All outstanding balances with related parties are priced on an arm's length basis, on commercial terms available in the market.

Receivables from/payables to related parties are on demand, unsecured and settled in cash.

Interest is charged on related party receivables overdue for more than 90 days at the prevailing market interest rates.

No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

No guarantees have been given or received.

The fair value of the related party receivables and payable approximates its carrying value due to its short-term nature.

5.2 Investments in subsidiaries

Refer note 4.2 for listing of subsidiaries held. The Company holds these investments 100%.

There were no changes in the subsidiaries held during the year. The value of the investment in the subsidiaries has remained the same during the year.

5.3 Redeemable preference shares

The Redeemable Preference Shares ("RPS") are issued by Iress (UK) Limited. As at 31 December 2019, the RPS holder is Iress UK Holdings Limited ("the RPS Holder").

The RPS are ranked ahead of ordinary shares in terms of dividend, capital return or distribution payments to the holder of any other class of shares in the capital of the Company and are therefore classified as assets. Each redeemable preference share carries one vote.

For so long as the RPS Holder has Ordinary Shares and RPS in issue, the rights, privileges and restrictions attaching to Ordinary Shares and RPS shall be as follows:

- An RPS confers on the RPS Holder the right to receive a cumulative preferential dividend pro rata to their shareholding, in priority to any dividend, capital return or distribution payment to the holder of any other class of shares in the Company.
- On a return or reduction of capital, on a winding up or otherwise the assets of the Company available for distribution to the shareholders shall be applied in priority to the RPS Holder, pro rata to their shareholdings, only to the extent of the aggregate redemption amount for all RPS on issue.
- Iress (UK) Limited may elect in its discretion to redeem some or all of the RPS any time prior to the maturity date by giving the RPS Holder written notice in accordance with Article 35.2(c)(v).
- Upon payment or satisfaction of the redemption amount in respect of an RPS on the redemption date, the rights conferred and the restrictions imposed in relation to that RPS under the RPS terms will no longer have effect. Any amount payable to the RPS Holder in respect of an RPS (including a redemption amount), must be paid in immediately available funds into the account nominated by the RPS Holder. The RPS Holder have no rights to set off any amounts owing by the Company against any claims owing to it by Iress (UK) Limited in respect of the RPS. The redemption amount in relation to an RPS at a given time is the issue price plus any accrued but unpaid RPS dividends on that RPS at that time.
- Iress (UK) Limited may, without the authority, assent or approval of the RPS Holder, amend or add to the RPS terms where the amendment or addition, in the reasonable opinion of Iress (UK) Limited is necessary to comply with the provisions of any statute or requirements of any statutory authority.
- Iress (UK) Limited may by ordinary resolution declare dividends, in accordance with and subject to the provisions of these Articles, and the Directors may decide to pay interim dividends. Subject to Article 35.2(a)(i), a dividend must not be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Directors.



Notes to the Company financial statements (continued)

For the year ended 31 December 2019

5.4 Debt facilities

Interest-bearing bank loans and overdrafts are initially recognised at the value of the amount received, net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any differences between cost and redemption value being recognised in the Company Profit and Loss Account over the period of the borrowings on an effective interest basis.

Borrowings comprise the 50 year Mandatorily Redeemable Convertible Preference Shares issued 9 September 2013 of £33.0 million, 50 year Mandatorily Redeemable Convertible Preference Shares issued 26 October 2015 of £23.5 million and 50 year Mandatorily Redeemable Convertible Preference Shares issued 30 December 2016 of £36.9 million. These borrowings are unsecured at an interest rate of 6% per annum. The preference shares do not carry any equity component and are classified as financial liabilities in their entirety.

Further disclosure included in note 3.1.

The rights, privileges and restrictions attached to MRCPS are as follows:

- An MRCPS confers on the Holder the right to receive unfranked cumulative preferential dividends.
- On a return or reduction of capital, on a winding up or otherwise, the Holders of MRCPS shall be entitled to an amount equal to the nominal capital paid up on the MRCPS and any accrued and unpaid dividends.
- Upon payment or satisfaction of the redemption amount in respect of an MRCPS on the redemption date, the rights conferred and the restrictions imposed in relation to that MRCPS under the MRCPS terms will no longer have effect. Any amount payable to the MRCPS Holder in respect of an MRCPS (including a redemption amount), must be paid in immediately available funds into the account nominated by the MRCPS Holder.
- MRCPS are convertible (including early redemption) into ordinary shares only by the issuer (on demand) by giving a signed conversion notice to the MRCPS holder.

5.5 Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the FRC. Accordingly, these financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

Iress UK Holdings Limited (the Company) is a public company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 3.

Principal Activities

The company's principal activity is to act as an investment holding company.

The preparation of the financial statements requires the Company to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on the Directors' best judgement at the date of preparation of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

Judgements

The value of investments is the key judgement for the Company. Note 2.1 refers to the work carried out to confirm that no impairment of Group goodwill is required. The value of investments in the Company did not require impairment, as the recoverable amount of each Cash Generating Unit (CGU) exceeded its carrying value.

Notes to the Company financial statements (continued)

For the year ended 31 December 2019

5.5 Basis of preparation (continued)

Accounting policies

The parent company's principal accounting policies have been applied consistently during the year.

A summary of the Company's significant accounting policies is set out below:

(i) Exemptions

The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a Profit and Loss Account for the Company alone.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, certain disclosure in respect of revenue from contracts with customers and certain related party transactions.

(ii) Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are stated at cost less, where appropriate, provisions for impairment.

(iii) Receivables and payables

Debtors are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method, less provision for impairment.

Payables and other liabilities are initially measured at fair value. Subsequent to initial measurement, these are recognised at amortised cost.

(iv) Foreign currencies

The Company's functional currency is the British Pound Sterling as the Company is a holding entity of UK trading companies.

To remain consistent with the presentation currency of the consolidated financial statements, the company financial statements have been presented in GBP sterling.

Transactions in foreign currencies are translated at the exchange rate on the date of transaction. At the Statement of Financial Position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the Statement of Financial Position date.

(v) Adoption of new standards

The Company has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are relevant to its operations and mandatorily effective for annual reporting periods on or after 1 January 2019.

None of these standards have had a material impact on the Company in the current or future reporting periods or on foreseeable future transactions.

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019.

(vi) IFRS 16 Leases overview

As the Company does not lease any properties, the adoption of IFRS 16 had no impact on the Company's financial statements and the Company's statement of cash flows.

Subsequent Events

Apart from the below, there has been no matter or circumstance that has arisen since the end of the financial year which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Company in future financial years.

As at 31 December 2019 China had alerted the World Health Organisation (WHO) of several cases of an unusual form of pneumonia in Wuhan. However, substantive information about what has now been identified as or COVID-19 only came to light in early 2020. There has been no significant impact of COVID-19 noted on the Company's performance to date. Given the nature of the business the Company does not expect a significant direct impact. The Company is exposed to indirect economic impacts that are harder to predict and are being closely monitored.

On 28 April 2020, an in specie dividend of £13.960m was declared and paid.