

# IRESS FS Limited

Registered in England and Wales  
Company number: 02958430

## Unaudited annual report and financial statements for the year ended 31 December 2019

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## **Corporate directory**

31 December 2019

### **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 3 April 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  
Gallows Hill  
Warwick  
Warwickshire  
CV34 6DY  
United Kingdom

### **Parent company**

IRESS FS Group Limited

### **Ultimate holding company**

IRESS Limited

### **Auditor \***

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Birmingham  
United Kingdom

\* these are auditors of the holding company in the UK Group – IRESS UK Holdings Limited, and the ultimate holding company IRESS Limited

## Strategic report

31 December 2019

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

### Review of operations and future developments

IRESS FS Limited ('the Company') provides software for the financial services industry. The Company's clients range from small retail to large institutional businesses. The Company's technology sits at the centre of our clients' businesses, supporting their core operations, providing essential functionality and helping them connect through their back, middle and front offices and to their clients and customers.

At the end of 2018, as part of the IRESS United Kingdom Group Simplification and Business Transfer, the business and operations in a number of the Company's directly owned subsidiaries were transferred into the Company along with the novation of all assets and liabilities.

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.

During the year, the Company performed as follows:

	2019 £'000	2018 £'000	% up/(down)
Operating profit	15,929	8,811	80.79%
Profit for the year	16,341	9,245	76.76%

The increase in the profit for the year ended 31 December 2019 was as a result of the IRESS United Kingdom Group Simplification and Business Transfer, which was effective 31 December 2018.

No dividends were paid during the year ended 31 December 2019 (2018: £Nil).

The Directors anticipate stable performance over the coming year.

### 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 £'000	2018 £'000
Profit for the year	16,341	9,245
Net assets	45,937	30,188

The increase in the profit in the year was due the transfer of business from the Company's directly owned subsidiaries under the IRESS United Kingdom Group Simplification and Business Transfer.

### 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 Coronavirus on the Group

There has been no significant impact of Coronavirus noted on the Group's performance to date. 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.

## Strategic report (continued)

31 December 2019

### Principal risks and uncertainties

IRESS FS Limited, as part of IRESS Limited, 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.

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

#### *Execution risk*

The Company continues to grow in its core market, providing comparative product quotations and illustrations, as well as new business and other transaction services to clients within the financial services sector. As the business increases in size this could potentially expose it to new business and transaction risks.

#### *Operating risk*

Managing the Company's business is dependent upon the ability to process a large number of transactions efficiently and accurately. Operational risk and losses can result from fraud, employee errors, failure to properly document transactions or to obtain proper internal authorisation, failure to comply with regulatory requirements and business principles, resource shortages, equipment failures, natural disasters or the failure of external systems.

Although the Company has implemented risk controls and loss mitigation actions, and 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 controlling the operational risks faced by the Company.

#### *Liquidity risk*

The Company has a low exposure to liquidity risks as it continues to generate free cash flows and has sufficient liquid assets to manage any short term liquidity issues. However the Company continues to monitor its commitments and liabilities to ensure that the Company is not exposed to liquidity risks.

#### *Credit risk*

The Company's principal financial assets are bank balances and cash, trade and other debtors.

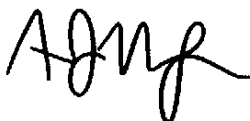
The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debtors. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company has no significant concentration of credit risk, with exposure spread over a large number of customers.

#### *Fraud risk management*

The Company has implemented risk controls and maintains such internal checks and accounting policies as it deems appropriate to prevent fraud within the Company.

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.

Signed on behalf of the Board of Directors



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A Morgan  
Director  
Warwick  
1 December 2020

## **Directors' report**

31 December 2019

The Directors present their unaudited financial statements on the affairs of IRESS FS Limited ("the Company"), for the year ended 31 December 2019.

### **Directors**

The following persons were Directors of the Company during the financial year and up to the date of this report unless otherwise stated:

- 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)

### **Principal activities**

The Company's principal activity during the year was the development and support of software for the financial services industry.

### **Principal risks and uncertainties**

Refer to the Strategic Report.

### **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 bonus and share option schemes.

### **Share capital**

There were no changes to the authorised or issued capital during the year ended 31 December 2019.

### **Dividends**

No dividends were paid or declared for the year ended 31 December 2019 (2018: £Nil).

### **Future developments**

The Directors do not plan any significant changes to the activities of the Company.

## **Directors' report (continued)**

31 December 2019

### **Going concern**

The ultimate parent, IRESS Limited, a company registered in Australia, has confirmed it will provide financial support to the Company to ensure that it can meet all of its liabilities as they fall due for a period of at least one year following the signature date of these financial statements.

On the basis of the support from the ultimate parent, the Directors have a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the Directors have considered a period of at least 12 months from the date of authorising the financial statements.

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

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

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A Morgan  
Director  
Warwick  
1 December 2020

## **Directors' responsibilities statement**

31 December 2019

The Directors are responsible for preparing the annual report including the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with 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 these 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.

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.

## Financial statements

### Profit and loss account

For the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Turnover	1.1	59,020	27,482
Communication and other technology expenses		(1,991)	(2,077)
Customer Data Fees		(3,653)	(2,270)
Employee benefits expense	1.1	(36,219)	(49,271)
Depreciation and amortisation expense		(3,190)	(1,460)
Net unrealised gains		336	61
Other operating income		330	65,042
Other operating expenses	1.1	1,296	(28,696)
<b>Operating profit</b>		<b>15,929</b>	<b>8,811</b>
Interest income		8	1
Interest expense		366	-
<b>Profit before income tax expense</b>		<b>16,303</b>	<b>8,812</b>
Tax benefit on profit from ordinary activities	2	38	433
<b>Profit for the year</b>		<b>16,341</b>	<b>9,245</b>

*The above profit and loss account should be read in conjunction with the accompanying notes.*

The Company has no recognised gains or losses other than the loss for the current year and prior period, which arose solely from continuing operations. Accordingly, a statement of other comprehensive income has not been prepared.

## Financial statements (continued)

### Balance sheet

As at 31 December 2019

	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Intangible assets	3	805	904
Tangible fixed assets	4	1,825	2,342
Right-of-use assets		4,347	-
Investments in subsidiaries	5	48,010	48,010
Deferred tax assets	2	1,877	1,860
		<b>56,864</b>	<b>53,116</b>
<b>Current assets</b>			
Cash at bank and in hand		1,752	1,523
Trade and other receivables	6	13,552	11,993
Income tax receivables		1,064	548
Trade receivables from related parties	6	76,676	41,201
		<b>93,044</b>	<b>55,265</b>
Creditors: Amounts falling due within one year	6	(99,989)	(78,193)
<b>Net current assets</b>		<b>(6,945)</b>	<b>(22,928)</b>
Lease liability		(3,982)	-
<b>Net assets</b>		<b>45,937</b>	<b>30,188</b>
<b>Capital and reserves</b>			
Share capital	7	-	-
Profit and loss account		45,937	30,188
		<b>45,937</b>	<b>30,188</b>

The above balance sheet should be read in conjunction with the accompanying notes.

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

### Audit exemption statement


For the year ending 31 December 2019, the Company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

### Directors' responsibilities:

- The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with Section 476.
- The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of IRESS FS Limited (registered number 02958430) on pages 9 to 22 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

## Financial statements (continued)

### Statement of changes in equity

For the year ended 31 December 2019

	Share capital (1)	Share premium reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2018</b>	-	-	(7,985)	(7,985)
Profit for the year, representing total comprehensive income for the year	-	-	9,245	9,245
<b>Total comprehensive income for the year</b>	-	-	9,245	9,245
<b>Shares issued during the year(2)</b>	<b>15,000</b>	<b>13,928</b>		<b>28,928</b>
Capital reduction(2)	(15,000)	(13,928)	28,928	-
<b>Balance at 31 December 2018</b>	-	-	<b>30,188</b>	<b>30,188</b>

	Share capital (1)	Share premium reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2019</b>	-	-	<b>30,188</b>	<b>30,188</b>
Impact of change in accounting policy(3)	-	-	(592)	(592)
<b>Adjusted balance at 1 January 2019</b>	-	-	<b>29,596</b>	<b>29,596</b>
Profit for the year, representing total comprehensive income for the year	-	-	16,341	16,341
<b>Total comprehensive income for the year</b>	-	-	<b>45,937</b>	<b>16,341</b>
<b>Balance at 31 December 2019</b>	-	-	<b>45,937</b>	<b>45,937</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

- (1) Share capital comprises of 100 fully paid ordinary shares of £1 each. There were no changes to the authorised or issued capital during the year.
- (2) On 31 December 2018, the Company issued 15,000,000 ordinary shares of £1 each at a premium of £0.92 per share. On the same day a capital reduction was undertaken, reducing the share capital to 1 share of £1.
- (3) 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.



## Notes to the financial statements

For the year ended 31 December 2019

### 1.1 Operating profit/(loss)

Included in profit/(loss) before interest and taxation are the following items:

	2019	2018
	£'000	£'000
<b>Revenue</b>		
Information revenue	52,392	27,393
Royalty revenue	510	-
Software license fees	-	2
Non-recurring revenue	6,118	87
<b>Total revenue</b>	<b>59,020</b>	<b>27,482</b>

	2019	2018
	£'000	£'000
<b>Employee benefit expenses</b>		
Employee benefits expense	(27,478)	(43,415)
Pension expense	(3,284)	(2,938)
Termination benefits	(165)	(7)
Other employee benefits	(2,499)	(2,182)
Share-based payment expense	(2,793)	(729)
<b>Total employee benefit expenses</b>	<b>(36,219)</b>	<b>(49,271)</b>

	2019	2018
	£'000	£'000
<b>Other operating income/(expenses)</b>		
Audit fees	(117)	(166)
Professional services	(354)	(181)
Legal services	(87)	(100)
Operating lease charges on contractual premises	221	(692)
Utilities	(1,447)	(1,330)
Equipment rental	(24)	(16)
Trade debtors written off	(169)	(318)
Doubtful debts allowance	122	-
Marketing services	(514)	(396)
Communication expenses	(116)	(247)
Technology Expenses	(1,756)	-
Restructuring expenses	(11)	-
(Losses)/gains on disposal of assets	(1)	19
Impairment	-	(31,668)
Inter-company income	6,098	7,504
Other expenses including administration expenses	(549)	(1,105)
<b>Total other operating expenses</b>	<b>1,296</b>	<b>(28,696)</b>

	2019	2018
	£'000	£'000
Average number of employees	683	649

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were £Nil (2018: £Nil). Auditor fees were paid by its ultimate parent company, IRESS Limited.

## Notes to the financial statements (continued)

For the year ended 31 December 2019

### 1.2 Director and KMP remuneration disclosures

The Key Management Persons (KMP) and directors of the Company and the Group as 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 <sup>(1)</sup>	(40)	(33)
Other employee benefits <sup>(2)</sup>	(383)	(60)
	<b>(1,051)</b>	<b>(557)</b>

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 <sup>(1)</sup>	(26)	(27)
Other employee benefits <sup>(2)</sup>	(208)	(60)
	<b>(670)</b>	<b>(423)</b>

<sup>(1)</sup> 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)

<sup>(2)</sup> This comprises employment cost recharges from the ultimate parent entity

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 financial statements (continued)

For the year ended 31 December 2019

### 2. Taxation

Total corporation tax expense or benefit comprises current and deferred tax recognised in the income statement in the period.

#### Current tax

Current tax represents the entity's expected tax payable/receivable for the period in respect of income and expenses which have been recognised in the income statement.

Current tax comprises expected tax payable/receivable on the entity's taxable income/loss which is recognised in the income statement in the current period, as well as any adjustments to tax payable/receivable recognised in the current period which relate to taxable income/loss recognised in the income statement in prior periods.

Current tax is measured using the applicable corporation tax rates which are enacted, or substantively enacted, at the reporting date in the countries where the company's subsidiaries and associates operate.

#### 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 income statement in the current period, as well as amounts recognised in the income statement in prior periods. Deferred tax assets and liabilities are attributable to temporary timing 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.

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 judgements 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, future capital expenditure, and dividend policies.

(a) The Company's tax expense or benefit is as follows:

	2019 £'000	2018 £'000
<b>Corporation tax benefit in the profit and loss</b>		
<b>Current tax</b>		
Current tax charge	(196)	-
Adjustments in respect of current tax of the previous year	(3)	-
<b>Deferred tax</b>		
Origination and reversal of temporary differences	347	(441)
Adjustments in respect of deferred tax of the previous year	(186)	8
<b>Corporation tax benefit</b>	<b>(38)</b>	<b>(433)</b>
<b>Corporation tax benefit attributable to profit from continuing operations</b>	<b>(38)</b>	<b>(433)</b>

## Notes to the financial statements (continued)

For the year ended 31 December 2019

### 2. Taxation (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax payable:

Corporation tax is calculated at 19.0 per cent (2018: 19.0 per cent) of the estimated taxable profit for the year.

The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	2019	2018
	£'000	£'000
Profit from continuing operations before corporation tax expense	16,303	8,812
Tax at the statutory tax rate of 19.00% (2018: 19.00%)	3,098	1,674
Tax effect of amounts which are not deductible (taxable) in calculating taxable profit:		
Tax effect of non-assessable income and non-deductible expenses	52	(130)
Tax effect of transfer pricing adjustments	(346)	(1,222)
Tax effect of group relief received for nil payment	(2,593)	345
Employee share plan	(20)	(1,048)
Other	(40)	(60)
Adjustments for deferred tax of prior periods	(186)	8
Adjustments for current tax of prior periods	(3)	(0)
<b>Corporation tax benefit</b>	<b>(38)</b>	<b>(433)</b>

(c) Deferred tax balances comprise of:

For the year ended	Opening balance	Charged to income	Charged to OCI/Equity	From business combinations	Closing balance
31 December 2018	£'000	£'000	£'000	£'000	£'000
<b>Deferred tax assets</b>					
Plant and equipment	370	70	-	399	839
Computer software	(11)	12	-	-	1
Trade and other payables	26	15	-	-	41
Carry forward tax losses	80	(80)	-	551	551
Share based payments	-	416	12	-	428
<b>Total deferred tax assets</b>	<b>465</b>	<b>433</b>	<b>12</b>	<b>950</b>	<b>1,860</b>
<b>For the year ended</b>	<b>Opening balance</b>	<b>Charged to income</b>	<b>Charged to OCI/Equity</b>	<b>From business combinations</b>	<b>Closing balance</b>
<b>31 December 2019</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Deferred tax assets</b>					
Plant and equipment	839	(77)	-	-	762
Computer software	1	(1)	-	-	-
Trade and other payables	41	21	-	-	62
Carry forward tax losses	551	(165)	-	-	386
Share based payments	428	228	-	-	656
Leases	-	(128)	139	-	11
<b>Total deferred tax assets</b>	<b>1,860</b>	<b>(122)</b>	<b>139</b>	<b>-</b>	<b>1,877</b>

The Company has recognised a deferred tax asset of £386,000 (2018: £551,000) in relation to tax losses as at the balance sheet date. This deferred tax asset arises as a result of tax losses generated by the Company in the past which are available for offset against future taxable profits of the Company. In considering whether such future taxable profits will arise, the Company has considered its financial performance in recent years and considered its forecast results over a five-year period; as a result the Company believes that it can be regarded as probable that there will be future taxable profits which can be relieved against the accumulated tax losses which gives rise to the deferred tax asset recognised in these financial statements.

## Notes to the financial statements (continued)

For the year ended 31 December 2019

### 2. Taxation (continued)

(d) Factors which may affect future taxation:

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%).

### 3. Intangible assets

Intangible assets comprise computer software and capitalised development costs. Additions are included at cost and are amortised only when ready for use. Assets are amortised evenly over their estimated economic life as follows:

- Software and capitalised development costs: 3-10 years

The carrying values of intangible assets are reviewed for impairment wherever circumstances indicate that the carrying value of such assets may not be recoverable.

Software development costs are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of development are charged to the profit and loss account as incurred.

	Computer software £'000	Total £'000
<b>At 31 December 2018</b>		
Cost	4,840	4,840
Accumulated depreciation	(3,936)	(3,936)
<b>Carrying amount</b>	<b>904</b>	<b>904</b>
<b>Movement for the year</b>		
Balance at 1 January 2018	1,156	1,156
Additions	80	80
Disposals	(60)	(60)
Depreciation expense	(272)	(272)
<b>Balance at 31 December 2018</b>	<b>904</b>	<b>904</b>

	Computer software £'000	Total £'000
<b>At 31 December 2019</b>		
Cost	5,034	5,034
Accumulated depreciation	(4,229)	(4,229)
<b>Carrying amount</b>	<b>805</b>	<b>805</b>
<b>Movement for the year</b>		
Balance at 1 January 2019	904	904
Additions	194	194
Depreciation expense	(293)	(293)
<b>Balance at 31 December 2019</b>	<b>805</b>	<b>805</b>

## Notes to the financial statements (continued)

For the year ended 31 December 2019

### 4. Tangible fixed assets

Tangible fixed assets comprise computer equipment, furniture and fixtures, office equipment and leasehold improvements. Additions are included at cost and are depreciated only when ready for use. Assets are depreciated evenly over their estimated economic life as follows:

- Computer equipment 3-10 years
- Furniture and fixtures 3-10 years
- Office equipment 3-10 years
- Leasehold improvements 3-10 years

The carrying values of fixed assets are reviewed for impairment wherever circumstances indicate that the carrying value of such assets may not be recoverable.

	Computer equipment £'000	Furniture & fixtures £'000	Leasehold improvements £'000	Office equipment £'000	Total £'000
<b>At 31 December 2018</b>					
Cost	4,623	1,700	8	12	<b>6,343</b>
Accumulated depreciation	(2,636)	(1,359)	(4)	(2)	<b>(4,001)</b>
<b>Carrying amount</b>	<b>1,987</b>	<b>341</b>	<b>4</b>	<b>10</b>	<b>2,342</b>
<b>Movement for the year</b>					
Balance at 1 January 2018	1,570	465	-	-	2,035
Additions	1,454	193	4	11	<b>1,662</b>
Disposals	-	(168)	-	-	<b>(168)</b>
Depreciation expense	(1,037)	(149)	-	(1)	<b>(1,187)</b>
<b>Balance at 31 December 2018</b>	<b>1,987</b>	<b>341</b>	<b>4</b>	<b>10</b>	<b>2,342</b>

	Computer equipment £'000	Furniture & fixtures £'000	Leasehold improvements £'000	Office equipment £'000	Total £'000
<b>At 31 December 2019</b>					
Cost	5,510	1,804	77	18	7,409
Accumulated depreciation	(3,905)	(1,655)	(19)	(5)	<b>(5,584)</b>
<b>Carrying amount</b>	<b>1,605</b>	<b>149</b>	<b>58</b>	<b>13</b>	<b>1,825</b>
<b>Movement for the year</b>					
Balance at 1 January 2019	1,987	341	4	10	2,342
Additions	888	104	68	6	1,066
Depreciation expense	(1,270)	(296)	(14)	(3)	<b>(1,583)</b>
<b>Balance at 31 December 2019</b>	<b>1,605</b>	<b>149</b>	<b>58</b>	<b>13</b>	<b>1,825</b>

## Notes to the financial statements (continued)

For the year ended 31 December 2019

### 5. Investment in subsidiaries

Investment in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment and are reviewed for impairment wherever circumstances indicate that the carrying value of the investment may not be recoverable.

(a) The movement in investment in subsidiaries is as follows:

	2019 £'000	2018 £'000
<b>At the end of the year</b>		
Cost	48,010	48,010
Accumulated depreciation	-	-
<b>Carrying amount</b>	<b>48,010</b>	<b>48,010</b>
<b>Movement for the year</b>		
Balance at the beginning of the year	48,010	79,677
Impairment of investment in subsidiary	-	(31,667)
<b>Balance at the end of the year</b>	<b>48,010</b>	<b>48,010</b>

Investment in subsidiaries comprise.

Subsidiary undertakings	Country of incorporation	2019	2018 % Holding
<b>Directly held</b>			
IRESS Mortgage Services Limited*	England and Wales	100	100
IRESS Web Limited*	England and Wales	100	100
IRESS Portal Limited*	England and Wales	100	100
IRESS Technology Limited*	England and Wales	100	100
IRESS Solutions Limited*	England and Wales	100	100
Proquote Limited*	England and Wales	100	100
Pulse Software Systems Limited*	England and Wales	100	100

Subsidiary undertakings	Country of incorporation	2019	2018 % Holding
<b>Indirectly held</b>			
Pulse Software Management Limited	England and Wales	100	100
TrigoldCrystal Limited	England and Wales	100	100

- IRESS Mortgage Services Limited is a non-trading dormant company.
- IRESS Web Limited is a non-trading dormant company.
- IRESS Portal Limited comprises an online comparison market place (Exchange Portal) that facilitates product quotes and subsequent transactions between buyers (distributors) and sellers (providers) of financial products.
- IRESS Technology Limited is a non-trading dormant company.
- IRESS Solutions Limited is a non-trading dormant company.
- Proquote Limited provides professional financial data and trading systems and the distribution of financial market data.
- Pulse Software Systems Limited is a non-trading dormant company.
- Pulse Software Management Limited is a non-trading dormant company.
- TrigoldCrystal Limited is a non-trading dormant company.

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 financial statements (continued)

For the year ended 31 December 2019

### 6. Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and liabilities are classified into the following categories:

- Loans and receivables – subsequently measured at amortised cost
- Other financial liabilities – subsequently measured at amortised cost

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### (a) Trade and other receivables

	2019 £'000	2018 £'000
<b>Amounts falling within one year:</b>		
Trade receivables	5,823	5,632
Allowance for doubtful debts	(186)	(353)
Unbilled income	6,716	2,900
Prepayments	1,243	845
VAT receivables	-	2,961
Other assets	(44)	8
	<b>13,552</b>	<b>11,993</b>
	2019 £'000	2018 £'000
<b>Trade receivables from related parties</b>		
Trade receivables with IRESS Data Pty Ltd	3,311	93
Trade receivables with IRESS Limited	24,849	17,229
Trade receivables with Proquote Limited	22,972	5,693
Trade receivables with IRESS FS Group Limited	3,440	-
Trade receivables with IRESS (UK) Limited	5,113	5,096
Trade receivables with QuantHouse UK	63	-
Trade receivables with IRESS Portal Limited	16,840	13,090
Trade receivables with IRESS UK Holdings Ltd	88	-
	<b>76,676</b>	<b>41,201</b>
<b>Total receivables and other assets</b>	<b>90,228</b>	<b>53,194</b>

The carrying amount of trade and other receivables approximates their fair value, and the Company has no material exposure to credit risk.

Trade receivables from related parties are due on demand and no amounts are considered past due or impaired.

## Notes to the financial statements (continued)

For the year ended 31 December 2019

### 6. Financial instruments (continued)

#### (b) Trade and other payables

	2019 £'000	2018 £'000
<b>Amounts falling due within one year:</b>		
Trade payable	(459)	(893)
Trade payable other	(142)	24
Audit fees accrual	(117)	(90)
General accrual	(679)	(597)
Accrued withholding taxes	-	(6)
Deferred revenue	(1,307)	(2,074)
Employee liabilities	(2,124)	(2,149)
VAT payable	(623)	(3,004)
Lease liability	(1,037)	-
	<b>(6,488)</b>	<b>(8,789)</b>
	2019 £'000	2018 £'000
<b>Amounts falling due after more than one year:</b>		
Non-current lease liability	(3,982)	-
	<b>(3,982)</b>	-
	2019 £'000	2018 £'000
<b>Amounts due to group undertakings</b>		
Related party trade payables to IRESS Data Pty Ltd	(146)	308
Related party trade payables to IRESS Market Technology	(13)	(20)
Related party trade payables to IRESS Limited	(1,339)	(2,824)
Related party trade payables to Pulse Software System Limited	(1)	(1)
Related party trade payables to Proquote Limited	(20,612)	(14,549)
Related party trade payables to IRESS South Africa (Aust) (Pty) Ltd	-	(3)
Related party trade payables to Iress International Holdings (Pty) Ltd	(48)	-
Related party trade payables to IRESS International Holding Pty Ltd	(519)	(41)
Related party trade payables to IRESS FS Group Limited	(3,440)	-
Related party trade payables to IRESS (UK) Limited	(9,515)	(11,038)
Related party trade payables to IRESS Portal Limited	(57,869)	(41,236)
	<b>(93,502)</b>	<b>(69,404)</b>
<b>Total payables and other liabilities</b>	<b>(103,972)</b>	<b>(78,193)</b>

The fair value of trade and other payables approximates the carrying value and interest is charged at commercial rates on the outstanding monthly balance.

Amounts due to group undertakings are payable on demand.

Liquidity is managed by having an undertaking from the parent company to support the Company to settle any undertaking with other group companies as required to ensure the Company remains solvent. Liquidity risk is proactively managed by regularly assessing working capital requirements and monitoring cashflows.

## Notes to the financial statements (continued)

For the year ended 31 December 2019

### 7. Share capital

	2019	2018
	£	£
<b>Authorised, issued and fully paid:</b>		
Ordinary shares of £1 each	1	1
<b>Issued and fully paid:</b>		
Ordinary shares at par value of £1 each	1	1
	1	1
<b>Movement for the year</b>		
Balance at the beginning of the year	1	100
Shares allotted during the year <sup>(1)</sup>		15,000,000
Capital reduction as a result of group restructuring <sup>(1)</sup>		(15,000,099)
<b>Balance at the end of the year</b>	<b>1</b>	<b>1</b>

<sup>(1)</sup> On 31 December 2018, the Company issued 15,000,000 ordinary shares of £1 each at a premium of £0.92 per share. On the same day a capital reduction was undertaken, reducing the share capital to 1 share of £1.

### 8. Other disclosures

#### (a) General information

IRESS FS Limited ("the Company") is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Strategic and Directors' Report on pages 3 to 6.

These unaudited financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates and are rounded to the nearest £'000.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements as it is included in the group financial statements of IRESS Limited which are publicly available.

Copies of the IRESS Limited consolidated financial statements may be obtained from the Company Secretary, IRESS Limited, Level 18, 385 Bourke Street, Melbourne VIC 3000.

In the opinion of the Directors, the ultimate controlling party is IRESS Limited.

#### (b) Significant accounting policies

##### (i) Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council ("FRC").

These financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the FRC.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payments, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group financial statements of IRESS Limited which are available to the public and can be obtained from the address in note 8(a).

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

## Notes to the financial statements (continued)

For the year ended 31 December 2019

### 8. Other disclosures (continued)

#### (b) Significant accounting policies (continued)

##### (ii) Turnover

Turnover represents the fair value of the sale of goods and services to external customers, net of value added tax and other sales taxes, rebates and discounts, including the sale of licenses, support, maintenance and training services, consulting contracts and hardware.

Revenues are recognised on the basis of the performance of contractual obligations and to the extent that the right to consideration has been earned. In cases where a single contractual arrangement involves the sale of licenses, support and maintenance services, the amount of consideration is derived from an assessment of the fair value of goods or services provided.

Licence fees are recognised upon the provision of software to the customer providing that the payment terms are unconditional full payment is contractually binding, collection is reasonably certain and there are no material contract conditions or warranties. Revenue from the provision of professional services including support maintenance, training and consultancy services is recognised when the services have been performed. Hardware sales are recognised on delivery. Support and maintenance revenues are recognised evenly over the period to which they relate.

##### (iii) Leased assets

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

##### (iv) Critical accounting judgements and key sources of estimation uncertainty

The key accounting estimate is the determination of whether an investment in subsidiary is impaired. The carrying value of the investment is compared to the fair value based on the value in use. The value in use calculation requires the Company to estimate the future cash-flows expected to arise from the asset and apply a suitable discount rate to calculate the present value.

### 9. Commitments

	2019 £'000	2018 £'000
Commitments for minimum lease payments for non-cancellable operating leases are payable as follows:		
Within one year	1,177	1,177
Later than one year, no later than five years	3,378	3,378
Later than five years	1,620	1,620
	<b>6,175</b>	<b>6,175</b>

### 10. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2019 (2018: £Nil).

### 11. Going concern

The ultimate parent, IRESS Limited, has confirmed it will provide financial support to the Company to ensure that it can meet all of its liabilities as they fall due for a period of at least one year following the signature date of these financial statements.

On the basis of support from the ultimate parent, the Directors have a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the Directors have considered a period of at least 12 months from the date of authorising the financial statements.

## **Notes to the financial statements (continued)**

For the year ended 31 December 2019

### **12. Events after the balance sheet date**

There has been no matter or circumstance which has arisen since the end of the financial year which has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent years.