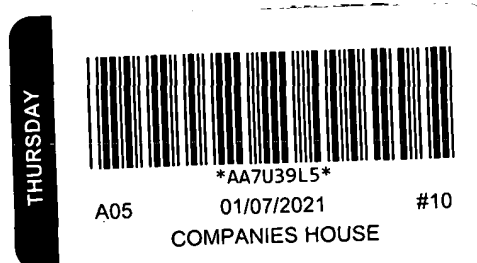


# Iress FS Limited

Registered in England and Wales  
Company number: 02958430

**Unaudited annual report and financial statements**  
for the year ended 31 December 2020



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## Corporate directory

31 December 2020

### Nature of Business and Principal Activities

Iress FS Limited provides business-critical software solutions to banks, building societies, wealth managers, financial planners, life insurance companies, brokers and other financial services companies.

### Directors

J Harris  
R Kelly  
J McNeill  
A Morgan  
A Walsh

### 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

\* The auditor of the holding company in the UK Group – Iress UK Holdings Limited, and the ultimate holding company in Australia, Iress Limited

## Strategic report

For the year ended 31 December 2020

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

### Review of operations

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.

During the year, the business has continued with projects to deploy Iress' solutions at key clients and has acquired the O&M Systems business ("O&M"). O&M provides a fully integrated system for advisers involved in the pension and investment planning areas.

On 28 April 2020, an in-specie dividend of £14.0 million was declared and paid to Iress FS Group Limited (2019: £Nil). No further dividends have been proposed or paid.

### Future developments

There remains a continued focus on growth across the Group, through implementation of Iress products to new and existing customers, ultimately resulting in a recurring licence fee for the Iress software.

### 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:

	2020 £'000	2019 £'000	% up/(down)
Revenue	57,360	59,020	(2.81%)
Operating profit	15,674	15,929	(1.60%)
Profit for the year	59,699	16,341	265.33%
Net assets	91,676	45,937	99.57%

The strong positive net assets position and continued cash and profit generative nature demonstrates the resilience of the Company. The increase in the profit for the year ended 31 December 2020 was as a result of dividends received of £44.3m from two of the Company's wholly owned subsidiaries.

### Impact of Brexit on the Company

There has been no significant impact of Brexit noted on the Company's performance to date. Given the predominantly domestic focus of UK clients, the Company does not expect a significant direct Brexit impact. The Company is exposed to indirect economic impacts such as changes to the legislative landscape that are not expected to be significant but are harder to predict and are therefore being closely monitored.

### Impact of COVID-19 on the Company

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 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.

The Company harnessed existing technology to swiftly and seamlessly move all areas of the business to home working.

The Company did not benefit during 2020 under the Coronavirus Job Retention Scheme ("CJRS") as no employees were furloughed.

The Company deferred a VAT payment during 2020 to enhance liquidity, although this was not required from an operational perspective. This has been fully repaid.

## Strategic report (continued)

For the year ended 31 December 2020

### Principal risks and uncertainties

Iress FS Limited, as part of Iress Limited (The Ultimate Parent 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 the Company relate to managing competitor and operational risk effectively.

Risk	Nature of risk	Mitigation
<b>Information security breach and failure of critical systems</b>	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 the increased sophistication of cyber terrorists, the increased reliance on our solutions by our customers and increased regulatory pressure.</p> <p>Iress has a dedicated information security function across all jurisdictions, Board oversight through the Ultimate Parent company's Audit &amp; 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>
<b>Economic climate</b>	<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 page 4.</p> <p>The UK left the European Union on 1 January 2021.</p>	<p>This risk is mitigated at an Ultimate Parent level by Iress' diverse geographic presence and the Groups diverse product portfolio. In the UK, revenue is over 80% recurring (2019: over 80 % recurring) and our software is an integrated part of our clients' businesses. As seen through the COVID-19 pandemic, this revenue remains stable, even under deteriorating economic conditions.</p> <p>The impact of COVID-19 is mitigated by the recurring revenue base and cash generative nature of the Group and the Ultimate Parent. During 2020, the Ultimate Parent refinanced their debt facilities and successfully raised equity to fund acquisitions.</p> <p>The Group largely has a UK client base and has therefore seen minimal direct impact of Brexit. Indirect impacts such as the legislative landscape are not expected to have a significant impact on the Group, but continues to be monitored.</p>
<b>Regulation</b>	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 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>
<b>Market or technology risk</b>	The risk of 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 made up of highly sophisticated industry representatives, is likely to be at the forefront of industry change and evolution.</p>

## Strategic report (continued)

For the year ended 31 December 2020

### Principal risks and uncertainties (continued)

<b>Reputation Risk</b>	<p>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.</p>	<p>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.</p>
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### 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 Company and believe they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

The Directors consider that in addition to the Ultimate 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.

The strategic decision to acquire O&M in the year was made by the Directors with regard for these matters.

#### **Consequences of any decision in the long-term**

The Ultimate Parent Board Members and Leadership Team (including 3 UK directors) meet regularly to discuss and challenge the ongoing strategy for the business. The UK Leadership Team (including 2 UK directors) also meet regularly to challenge and deploy this strategy in the UK. Outputs from these meetings drive the context for decisions on budgets, forecasts and the five year plan to ensure alignment with the strategic direction of the business.

#### **Ultimate Parent Company shareholders**

The Company forms part of reporting to the ASX by the Ultimate Parent, Iress Limited.

Investors are given access to the Ultimate 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 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 forums (led by both Ultimate Parent and Group Directors and members of both Leadership 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 by Directors of the Ultimate Parent and Group and senior management.

The Board engages employees through an annual Pulse employee survey to ensure the Company's values are understood and promoted.

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 Limited meeting its profit objectives for each financial year and have an opportunity to participate in a Share Incentive Plan.

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

## Strategic Report (continued)

For the year ended 31 December 2020

### **Employees (continued)**

The Company has a broad and diverse employee base. The Company monitors diversity under a broad definition across the general staff base and continues to observe no indicators of bias or impediments to diversity and believes Iress' diversity ratios reflect well on the Company.

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.

The Ultimate Parent has partnered with the charity Talent Beyond Boundaries, who assist refugees and other displaced people in finding work internationally. Through this charity, the Group recruited a software engineer, giving them and their young family the opportunity to move from Syria to work in Cheltenham.

### **Business relationship with customers**

The Company places customers at the heart of everything we do and the Board is committed to considering the customer impact of every decision made. Our software is central to our customers' businesses and maintaining the value of the Iress brand protects the recurring revenue base.

The Directors and senior management receive regular updates regarding customer relationships including customer feedback surveys.

In April 2020 the Iress Community was established. This is an online community for users of Iress software. It has provided 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 Company 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.

### **Impact on community**

Since its launch, the Iress Foundation has amplified the community support and charity activities our people were already championing, including 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 provide us with a deeper understanding of how our people get involved and which causes matter to them the most.

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

Through the Iress Matching Initiative, where the Company matches monies raised for charities, we support people at Iress who want to focus 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.

### **Impact on environment**

Iress is an office based technology company, so the impact on the environment is driven by energy use in the offices, domestic travel to clients and international travel to Australia, South Africa, Canada and France where other Iress offices are based. Details of UK emissions and energy consumption are disclosed in the consolidated accounts of Iress UK Holdings Limited.

During 2020, leases were entered into for two new buildings, replacing the existing portfolio with more energy efficient properties.

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



A Morgan  
Director  
Warwick  
25 June 2021

## Directors' report

for the year ended 31 December 2020

The Directors of Iress FS Limited submit the annual financial statements for the year ended 31 December 2020.

Directors Report Disclosure Requirements	Location in Financial Statements	Page
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Principle activities	Corporate Directory	2
Review of operations	Strategic report	3
Dividends	Strategic report	3
Events subsequent to the Statement of Financial Position date	Note 12	27
Future developments	Strategic Report	3
Engagement with employees	Strategic Report	5,6
Political contributions	None	
Regard for fostering relationships with suppliers, customers & others	Strategic Report	6

### Directors' indemnities

The 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, the Ultimate Parent and fellow subsidiaries.

### Going concern

The Directors of the Company maintain a cash flow forecast for a year beyond the date of authorising these financial statements. This cash flow forecast has been sensitised to allow for unexpected revenue delays as a result of the impact of COVID-19 and this indicates that there are no reasonably plausible downside scenarios resulting in the Company having insufficient cash reserves to meet its obligations as they fall due for at least a year from the date of signing these financial statements.

In the remote event that funding is required, the Directors of the Ultimate Parent have provided a letter of support to the Company and its subsidiaries which states that the Ultimate Parent:

- continues to support and provide additional finance to the Group for at least a year 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 the Company have an expectation that the Ultimate Parent has access to adequate resources to continue in operational existence for the foreseeable future. As part of their comprehensive assessment of whether the Ultimate Parent is a going concern, the Directors have reviewed the Ultimate Parent's cash flow and solvency forecasts for at least a year from the date of authorising the financial statements and confirmed that the Ultimate Parent is both cash generative and able to raise funds via debt and equity to fund operations and acquisitions. This was evidenced in 2020 (post the onset of COVID-19) by successfully refinancing debt and raising equity to fund acquisitions.



## Directors' report (continued)

for the year ended 31 December 2020

### Subsequent events after the balance sheet date

There has been no significant impact of Coronavirus noted on the company's performance to date. Given the high proportion of recurring revenue and the cash generative 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.

There has not been any other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations the state of affairs of the Company in future financial years.

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




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A Morgan  
Director  
Warwick  
25 June 2021

## Directors' responsibilities statement

For the year ended 31 December 2020

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 have elected to prepare the Company financial statements in accordance with international accounting standards in conformity with requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the IASB. The Company financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

		2020	2019
	Notes	£'000	£'000
Turnover	2.1	57,360	59,020
Communication and other technology expenses		(2,786)	(1,991)
Customer data fees		(2,842)	(3,653)
Employee benefits expense	2.1	(37,501)	(36,219)
Depreciation and amortisation expense	4, 5 & 5.1	(3,809)	(3,190)
Net unrealised gains		510	336
Other operating income		555	330
Other operating expenses	2.1	4,187	1,296
<b>Operating profit</b>		<b>15,674</b>	<b>15,929</b>
Dividends received		44,300	-
Interest income		596	8
Interest expense		(652)	366
<b>Profit before income tax expense</b>		<b>59,918</b>	<b>16,303</b>
Tax (expense)/benefit on profit from ordinary activities	3	(219)	38
<b>Profit for the year</b>		<b>59,699</b>	<b>16,341</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.

# Statement of Financial Position

As at 31 December 2020

	Notes	2020 £'000	2019 £'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash at bank and in hand		4,554	1,752
Trade and other receivables	7(a)	7,858	13,552
Current tax receivables		1,470	1,064
Trade receivables from related parties	7(a)	142,306	76,676
<b>Total current assets</b>		<b>156,188</b>	<b>93,044</b>
<b>Non-current assets</b>			
Intangible assets	4	849	805
Tangible fixed assets	5	5,766	1,825
Right-of-use assets	5.1(a)	18,449	4,347
Investments in subsidiaries	6	51,441	48,010
Deferred tax assets	3(c)	1,690	1,877
<b>Total non-current assets</b>		<b>78,195</b>	<b>56,864</b>
<b>Total assets</b>		<b>234,383</b>	<b>149,908</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7(b)	(11,362)	(5,451)
Current tax payables	7(b)	(11)	-
Lease liability	5.1(b)	(1,842)	(1,037)
Trade payables due to related parties	7(b)	(111,940)	(93,501)
<b>Total current liabilities</b>		<b>(125,155)</b>	<b>(99,989)</b>
Lease liability	5.1(b)	(17,552)	(3,982)
<b>Total non-current liabilities</b>		<b>(17,552)</b>	<b>(3,982)</b>
<b>Total liabilities</b>		<b>(142,707)</b>	<b>(103,971)</b>
<b>Net assets</b>		<b>91,676</b>	<b>45,937</b>
<b>EQUITY</b>			
Share capital	8	-	-
Profit and loss account		91,676	45,937
<b>Total equity</b>		<b>91,676</b>	<b>45,937</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

The Company is entitled to exemption from audit under Section 479a of the Companies Act 2006 for the year ended 31 December 2020 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its financial statements for the year ended 31 December 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements of Iress FS Limited (registered number 02958430) on pages 10 to 27 were approved for issue by the Board of Directors on 25 June 2021.

Signed on behalf of the Board of Directors by



A Morgan  
Director  
Warwick  
25 June 2021

# Statement of changes in equity

For the year ended 31 December 2020

	Share capital <sup>(1)</sup>	Share premium reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2019</b>	-	-	30,188	30,188
Impact of change in accounting policy <sup>(2)</sup>	-	-	(592)	(592)
<b>Adjusted balance at 1 January 2019</b>	-	-	29,596	29,596
Profit for the year, representing total comprehensive income for the year	-	-	16,341	16,341
<b>Total comprehensive income for the year</b>	-	-	16,341	16,341
<b>Balance at 31 December 2019</b>	-	-	45,937	45,937

	Share capital <sup>(1)</sup>	Share premium reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2020</b>	-	-	45,937	45,937
Profit for the year, representing total comprehensive income for the year	-	-	59,699	59,699
<b>Total comprehensive income for the year</b>	-	-	105,636	59,699
In-specie dividends declared and paid	-	-	(13,960)	(13,960)
<b>Balance at 31 December 2020</b>	-	-	91,676	91,676

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

- <sup>(1)</sup> Share capital comprises 100 fully paid ordinary shares of £1 each. There were no changes to the authorised or issued capital during the year.
- <sup>(2)</sup> 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 2020

## 1. Accounting policies

### Company 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 Corporate Directory on page 2 and Strategic and Directors' Report on pages 3 to 8.

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 UK Holdings Ltd and Iress Limited which are publicly available.

Copies of the Iress UK Holding Ltd consolidated financial statements may be obtained from Companies House.

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.

### 1.1 Accounting convention

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 Company Information above.

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.

### 1.2 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.

### 1.3 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 1.4 Critical accounting judgements and key sources of 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 year in which the circumstances change. The areas where a higher degree of judgement or complexity arises are revenue recognition on long-term contracts, and recognition and measurement of deferred tax.

### 2.1 Operating profit/(loss)

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

	2020 £'000	2019 £'000
<b>Revenue</b>		
Information revenue	50,906	52,392
Royalty revenue	919	510
Non-recurring revenue	5,535	6,118
<b>Total revenue</b>	<b>57,360</b>	<b>59,020</b>
	2020 £'000	2019 £'000
<b>Employee benefit expenses</b>		
Employee benefits expense	(30,048)	(27,478)
Pension expense	(2,549)	(3,284)
Termination benefits	(36)	(165)
Other employee benefits	(1,251)	(2,499)
Share-based payment expense	(3,617)	(2,793)
<b>Total employee benefit expenses</b>	<b>(37,501)</b>	<b>(36,219)</b>
	2020 £'000	2019 £'000
<b>Other operating income/(expenses)</b>		
Audit fees	(135)	(117)
Professional services	(426)	(354)
Legal services	(113)	(87)
Operating lease charges on contractual premises	301	226
Venue hire	(3)	(5)
Equipment rental	(19)	(24)
Office utilities	(1,579)	(1,447)
Trade debtors written off	(55)	(169)
Doubtful debts (allowance)/reversal	(16)	122
Marketing services	(603)	(514)
Communication expenses	(96)	(116)
Technology expenses	(2,048)	(1,755)
Restructuring expenses	(275)	(11)
Gain/Loss on the disposal of plant and equipment	(40)	(1)
Gain/Loss on ROUA de-recognition	44	-
Inter-company income	9,904	6,097
<b>Other expenses including administration expenses</b>	<b>(654)</b>	<b>(549)</b>
<b>Total other operating expenses</b>	<b>4,187</b>	<b>1,296</b>

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 2.1 Operating profit/(loss) (continued)

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were £Nil (2019: £Nil). Auditor fees are payable for the audit of the UK consolidated financial statements, Iress UK Holdings Limited.

### 2.2 Employees

	2020	2019
	£'000	£'000
Average number of employees	689	683

### 2.3 Director and KMP remuneration disclosures

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

Directors	Paid by Ultimate Parent	Paid by Company or Group
J Harris	✓	
R Kelly		✓
J McNeill		✓
A Morgan		✓
A Walsh	✓	

In 2020, the KMP remuneration disclosures included 5 directors paid by the Group. The resultant year end KMPs are the 5 directors by the Group).

The following table provides details of remuneration paid to KMPs by the Company or Group, being these 5 individuals (2019: 5 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.

	2020	2019
	£'000	£'000
Short-term employee benefits	(801)	(629)
Post-employment benefits <sup>(1)</sup>	(54)	(40)
Other employee benefits <sup>(2)</sup>	(534)	(382)
	<b>(1,389)</b>	<b>(1,051)</b>

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

	2020	2019
	£'000	£'000
Short-term employee benefits	(539)	(436)
Post-employment benefits <sup>(1)</sup>	(35)	(26)
Other employee benefits <sup>(2)</sup>	(306)	(208)
	<b>(880)</b>	<b>(670)</b>

<sup>(1)</sup> This comprises of contributions to defined contribution plans in relation to 4 directors and 1 KMP (2019: 1 Director and 1 KMP of the Group)

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

In 2020, 2 directors paid by the Group exercised share options (2019: 3 directors) and 3 directors accrued share options (2019: 4 directors). 3 directors paid by the Group are members of defined contribution pension schemes (2019: 4 directors).

Aggregate remuneration of the highest paid director was £0.508 million (2019: £0.362 million), including £0.245 million of receivable shares. The highest paid director exercised share options in the year with a value of £0.067 million.



## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 3. 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:

	2020	2019
	£'000	£'000
<b>Corporation tax expense/(benefit) in the profit and loss</b>		
<b>Current tax</b>		
Current tax charge	(78)	(196)
Adjustments in respect of current tax of the previous year	110	36
<b>Deferred tax</b>		
Origination and reversal of temporary differences	209	308
Adjustments in respect of deferred tax of the previous year	(22)	(186)
<b>Corporation tax expense/(benefit)</b>	<b>219</b>	<b>(38)</b>
<b>Corporation tax expense/(benefit) attributable to profit from continuing operations</b>	<b>219</b>	<b>(38)</b>

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 3. Taxation (continued)

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

Corporation tax is calculated at 19.0 per cent (2019: 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:

	2020 £'000	2019 £'000
Profit from continuing operations before corporation tax expense	59,918	16,303
Tax at the statutory tax rate of 19.00% (2019: 19.00%)	11,384	3,098
Tax effect of amounts which are not deductible (taxable) in calculating taxable profit:		
Tax effect of non-assessable income and non-deductible expenses	(8,532)	52
Tax effect of transfer pricing adjustments	-	(346)
Tax effect of group relief received for nil payment	(2,668)	(2,593)
Employee share plan	38	(20)
Other	(91)	(40)
Adjustments for deferred tax of prior periods	(22)	(186)
Adjustments for current tax of prior periods	110	(3)
<b>Corporation tax expense/(benefit)</b>	<b>219</b>	<b>(38)</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 2019	£'000	£'000	£'000	£'000	£'000
<b>Deferred tax assets</b>					
Plant and equipment	840	(77)	-	-	763
Computer software	1	(1)	-	-	-
Trade and other payables	40	21	-	-	61
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>

For the year ended	Opening balance	Charged to income	Charged to OCI/Equity	From business combinations	Closing balance
31 December 2020	£'000	£'000	£'000	£'000	£'000
<b>Deferred tax assets</b>					
Trade and other receivables	-	39	-	-	39
Plant and equipment	763	(194)	-	-	569
Trade and other payables	61	2	-	-	63
Carry forward tax losses	386	(330)	-	-	56
Share based payments	656	307	-	-	963
Leases	11	(11)	-	-	-
<b>Total deferred tax assets</b>	<b>1,877</b>	<b>(187)</b>			<b>1,690</b>

The Company has recognised a deferred tax asset of £56,000 (2019: £386,000) 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 2020

### 3. Taxation (continued)

(d) Factors which may affect future taxation:

The reduction in the standard rate of corporation tax in the UK from 20% to 19% came into force with effect from 1 April 2017. In the March 2020 Budget, the Chancellor of the Exchequer repealed the previously enacted reduction to the standard rate of corporation tax from 19% to 17% that was due to come into force from 1 April 2020. The standard rate of corporation tax has been maintained at 19% and the impact of this is reflected in these financial statements. On 3 March 2021, the Chancellor of the Exchequer delivered his Budget Statement. The measures announced include an increase in the standard rate of corporation tax from 19% to 25% with effect from 1 April 2023. The full impact of this change will be reflected in the 2021 financial statements once the Finance Bill has been substantively enacted. The Company expects its effective tax rate in the future to be affected by the impact of changes in tax law.

### 4. Intangible assets

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

	Computer software £'000	Total £'000
<b>At 31 December 2020</b>		
Cost	5,417	5,417
Accumulated depreciation	(4,570)	(4,570)
<b>Carrying amount</b>	<b>847</b>	<b>847</b>
<b>Movement for the year</b>		
Balance at 1 January 2020	805	805
Additions	393	393
Depreciation expense	(349)	(349)
<b>Balance at 31 December 2020</b>	<b>849</b>	<b>849</b>

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 5. 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 2019</b>					
Cost	5,510	1,802	77	18	7,407
Accumulated depreciation	(3,905)	(1,653)	(19)	(5)	(5,582)
<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
Disposals	-	-	-	-	-
Depreciation expense	(1,270)	(296)	(14)	(3)	(1,583)
<b>Balance at 31 December 2019</b>	<b>1,605</b>	<b>149</b>	<b>58</b>	<b>13</b>	<b>1,825</b>

	Computer equipment £'000	Furniture & fixtures £'000	Leasehold improvements £'000	Office equipment £'000	Total £'000
<b>At 31 December 2020</b>					
Cost	5,433	1,963	2,634	21	10,051
Accumulated depreciation	(3,541)	(534)	(202)	(8)	(4,285)
<b>Carrying amount</b>	<b>1,892</b>	<b>1,429</b>	<b>2,432</b>	<b>13</b>	<b>5,766</b>
<b>Movement for the year</b>					
Balance at 1 January 2020	1,605	149	58	13	1,825
Additions	1,479	1,456	2,559	4	5,498
Disposals	(2)	(38)	-	-	(40)
Depreciation expense	(1,190)	(138)	(185)	(4)	(1,517)
<b>Balance at 31 December 2020</b>	<b>1,892</b>	<b>1,429</b>	<b>2,432</b>	<b>13</b>	<b>5,766</b>

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 5.1 Leases

The Company leases real estate in the ordinary course of its business. The Company's real estate leases comprise office building leases in the United Kingdom in which the Group operates. The non-cancellable period of these leases range from 6 to 10 years.

During February 2020 and June 2020, the Company 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.

#### (i) Group as a lessee

##### *Right-of-use asset*

The Company 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.

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 Company 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 Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### *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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company'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 Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- payment of penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is presented as a separate line in the 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 Company's estimate of the amount expected to be payable under a residual value guarantee or if the Company 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 Company did not make any such adjustments during the periods presented.

##### *Short-term leases and leases of low-value assets*

The Company 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 Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 5.1 Leases (continued)

#### (a) Carrying value of right-of-use assets

The Company'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	
	2020	2019
	£'000	£'000
Cost	22,462	12,459
Accumulated depreciation	(4,013)	(8,112)
<b>Carrying value</b>	<b>18,449</b>	<b>4,347</b>
<b>Opening carrying value</b>	<b>4,347</b>	-
Change in accounting policy <sup>(1)</sup>	-	5,660
New leases entered into contract	16,882	-
Expenses capitalised to right-of use assets	451	-
Disposal of leases from early termination	(900)	-
Fair value adjustments from modified leases	(388)	-
Depreciation	(1,943)	(1,313)
<b>Closing carrying value</b>	<b>18,449</b>	<b>4,347</b>
<b>Expected useful life (years)</b>	<b>6 to 10</b>	

<sup>(1)</sup> 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.

#### (b) Lease liabilities

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

	2020	2019
	£'000	£'000
Current	(1,842)	(1,037)
Non-current	(17,552)	(3,982)
<b>Total</b>	<b>(19,394)</b>	<b>(5,019)</b>

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 5.1 Leases (continued)

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

	2020	2019
	£'000	£'000
Opening carrying value	(5,019)	-
Change in accounting policy <sup>(1)</sup>	-	(6,408)
Leased liabilities raised from the negotiation of new lease contracts	(16,881)	-
Leased liabilities reversed from early termination of lease contracts	1,338	-
Leased liabilities raised from changes in subsequent lease payments	(24)	-
Settlement of lease liabilities	1,192	1,389
Closing carrying value	(19,394)	(5,019)

<sup>(1)</sup> 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.

(iii) Maturity analysis - contractual undiscounted cash flows:

	2020	2019
	£'000	£'000
Less than one year	2,206	1,166
More than one year and not more than five years	10,401	3,291
More than five years	8,563	840
Total undiscounted lease liabilities at the end of the year	21,170	5,297

At 31 December 2020 and 31 December 2019, the Company was not committed to any short-term leases.

#### (c) Operating lease arrangements

Operating leases, in which the Group is the lessor, related to sub-leased office buildings. By the end of 2020, all sub-leases had expired.

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 6. 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:

	2020 £'000	2019 £'000
<b>At the end of the year</b>		
Cost	51,441	48,010
<b>Carrying amount</b>	<b>51,441</b>	<b>48,010</b>
<b>Movement for the year</b>		
Balance at the beginning of the year	48,010	48,010
Additions	3,431	-
<b>Balance at the end of the year</b>	<b>51,441</b>	<b>48,010</b>

On 10 March 2020, Iress 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.

Investment in subsidiaries comprise:

Subsidiary undertakings	Country of incorporation	2020	2019
<b>Directly held</b>			
Iress Mortgage Services Limited <sup>(1)</sup>	England and Wales	100	100
Iress Portal Limited <sup>(2)</sup>	England and Wales	100	100
Iress Solutions Limited <sup>(3)</sup>	England and Wales	100	100
Iress Technology Limited <sup>(4)</sup>	England and Wales	100	100
Iress Web Limited <sup>(5)</sup>	England and Wales	100	100
O&M Life & Pensions Limited <sup>(6)(12)(13)</sup>	England and Wales	100	100
O&M Systems Limited <sup>(7)(12)</sup>	England and Wales	100	100
Proquote Limited <sup>(8)</sup>	England and Wales	100	100
Pulse Software Systems Limited <sup>(9)</sup>	England and Wales	100	100

Subsidiary undertakings	Country of incorporation	2020	2019
<b>Indirectly held</b>			
Pulse Software Management Limited <sup>(10)</sup>	England and Wales	100	100
TrigoldCrystal Limited <sup>(11)</sup>	England and Wales	100	100

<sup>(1)</sup> Iress Mortgage Services Limited is a non-trading dormant company.

<sup>(2)</sup> 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.

<sup>(3)</sup> Iress Solutions Limited is a non-trading dormant company.

<sup>(4)</sup> Iress Technology Limited is a non-trading dormant company.

<sup>(5)</sup> Iress Web Limited is a non-trading dormant company.

<sup>(6)</sup> O&M Systems Limited is the holding company of O&M Life & Pensions Limited

<sup>(7)</sup> O&M Life & Pensions Limited provides solutions for advisers involved in pension and investment planning

<sup>(8)</sup> Proquote Limited provides professional financial data and trading systems and the distribution of financial market data.

<sup>(9)</sup> Pulse Software Systems Limited is a non-trading dormant company.

<sup>(10)</sup> Pulse Software Management Limited is a non-trading dormant company.

<sup>(11)</sup> TrigoldCrystal Limited is a non-trading dormant company.

<sup>(12)</sup> On 10 March 2020, Iress 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.

<sup>(13)</sup> 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 2020

### 7. 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

	2020	2019
	£'000	£'000
<b>Amounts falling within one year:</b>		
Trade receivables	2,510	5,823
Allowance for doubtful debts	(202)	(186)
Unbilled income	4,768	6,716
Prepayments	693	1,243
Other assets	89	(44)
	<b>7,858</b>	<b>13,552</b>
	2020	2019
	£'000	£'000
<b>Trade receivables from related parties</b>		
Trade receivables with Iress Data Pty Ltd	7,135	3,311
Trade receivables with Iress Limited	23,488	24,849
Trade receivables with O&M Life & Pensions Limited	1,206	-
Trade receivables with Proquote Limited	28,541	22,972
Trade receivables with Iress FS Group Limited	3,440	3,440
Trade receivables with Iress (UK) Limited	5,149	5,113
Trade receivables with QuantHouse UK	73	63
Trade receivables with Iress Portal Limited	73,014	16,840
Trade receivables with Apollo I Australia Pty Ltd	54	-
Trade receivables with Iress UK Holdings Ltd	191	88
Trade receivables with Iress Wealth Management Pty Ltd	15	-
	<b>142,306</b>	<b>76,676</b>
<b>Total receivables and other assets</b>	<b>150,164</b>	<b>90,228</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 2020

### 7. Financial instruments (continued)

#### (b) Trade and other payables

	2020	2019
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade payable	(587)	(458)
Trade payable other	(642)	(79)
Audit fees accrual	(70)	(117)
Tax fees accrual	(84)	(64)
Accrued expenses	(1,243)	(679)
Deferred revenue	(1,712)	(1,307)
Employee liabilities	(2,043)	(2,124)
VAT payable	(4,981)	(623)
<b>Trade and other payables</b>	<b>(11,362)</b>	<b>(5,451)</b>
Lease liability	(1,842)	(1,037)
Withholding taxes	(11)	-
	<b>(13,215)</b>	<b>(6,488)</b>

	2020	2019
	£'000	£'000
<b>Amounts falling due after more than one year:</b>		
Non-current lease liability on property	(17,552)	(3,982)
	<b>(17,552)</b>	<b>(3,982)</b>

	2020	2019
	£'000	£'000
<b>Amounts due to group undertakings</b>		
Related party trade payables to Iress Data Pty Ltd	(6)	(146)
Related party trade payables to Iress Market Technology	(2)	(13)
Related party trade payables to Iress Limited	(388)	(1,338)
Related party trade payables to O&M Life & Pensions Limited	(1,923)	-
Related party trade payables to O&M Systems Limited	(75)	-
Related party trade payables to Pulse Software System Limited	(1)	(1)
Related party trade payables to Proquote Limited	(26,284)	(20,612)
Related party trade payables to Iress International Holdings (Pty) Ltd	(217)	(48)
Related party trade payables to Iress International Holding Pty Ltd	(526)	(519)
Related party trade payables to Iress FS Group Limited	(3,440)	(3,440)
Related party trade payables to Iress (UK) Limited	(9,280)	(9,515)
Related party trade payables to Iress Portal Limited	(69,798)	(57,869)
	<b>(111,940)</b>	<b>(93,501)</b>

<b>Total payables and other liabilities</b>	<b>(142,707)</b>	<b>(103,971)</b>
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## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 7. Financial instruments (continued)

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 cash flows.

### 8. Share capital

	2020	2019
	£	£
<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	1
<b>Balance at the end of the year</b>	<b>1</b>	<b>1</b>

### 9. Commitments

	2020	2019
	£'000	£'000
Commitments for minimum lease payments for non-cancellable operating leases are payable as follows:		
Within one year	2,087	1,177
Later than one year, no later than five years	14,515	3,378
Later than five years	4,434	1,620
	<b>21,036</b>	<b>6,175</b>

### 10. Contingent assets and liabilities

#### (a) Contingent liabilities

There are no material contingent liabilities that have been contracted or provided for at the reporting date (2019: £Nil).

#### (b) Contingent assets

A claim has been lodged against a supplier for professional negligence. Having received legal advice, the Directors believe a favourable outcome is probable. However, the contingent asset has not been recognised as a receivable at 31 December 2020 as receipt of the amount is dependent upon the outcome of the dispute resolution process.

## Notes to the financial statements (continued)

For the year ended 31 December 2020

### 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.

### 12. Events after the balance sheet date

On 11 June 2021, Iress Limited notified the ASX that it is considering options for the Lending business based in the UK, including a potential divestment and have appointed a financial adviser to assist with the review of options. The Board of Iress Limited intends to distribute surplus capital to shareholders if a sale occurs.

Apart from the above, 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.