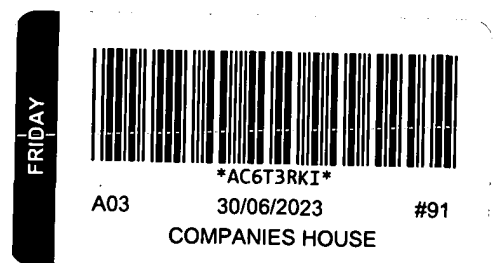


Registration number: 03650489

eFront Ltd

Annual Report and Financial Statements
for the Year Ended 31 December 2022



eFront Ltd

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eFront Ltd

Strategic Report for the Year Ended 31 December 2022

The directors present their Strategic Report for eFront Ltd ("the Company") for the year ended 31 December 2022.

The Company is part of BlackRock, Inc. ("BlackRock" or "the Firm"), a leading publicly traded investment management firm with \$8.6 trillion of assets under management ("AUM") as at December 31, 2022. With approximately 19,800 employees in more than 30 countries who serve clients in over 100 countries, BlackRock provides a broad range of investment management and technology services to institutional and retail clients worldwide.

Purpose

BlackRock's purpose is to help more and more people experience financial well-being. BlackRock's clients, and the people they serve, are saving for retirement, paying for their children's educations, buying homes and starting businesses. Their investments are also helping to strengthen the global economy: support businesses small and large; finance infrastructure projects that connect and power cities; and facilitate innovations that drive progress. BlackRock is committed to advancing:

- *Financial wellbeing*: helping millions of people invest to build savings that serve them throughout their lives;
- *Investment access*: making investing easier and more affordable;
- *Sustainable outcomes*: advancing sustainable investing because the group believes it delivers better outcomes for investors; and
- *Inclusive economies*: contributing to a more resilient economy that benefits more people.

Corporate strategy

Corporate strategy is developed and reviewed at a global and regional level. Further detail on the strategy of BlackRock, Inc. group is disclosed in the BlackRock, Inc. group annual report and on Form 10-K to the United States Securities and Exchange Commission ("SEC")

Principal activity

The principal activity of the Company is the provision of software solutions, developed by other group companies, dedicated to the financial services industry with recognised expertise in alternative investments and risk management. The Company's main activities are the publication and distribution of software products and implementation consulting, training, integration and development services in respect of these products. Additionally the Company provides support services to other group companies.

There have not been any significant changes in the Company's principal activities in the period under review and the directors propose that the principal activities will continue during 2023.

Business review

The nature of the Company's business has not changed significantly during 2022.

Key performance indicators

Revenue

Total revenue, which consists of license, service and support fee income, and support services to other group companies increased by 17.2% to £25.2m in the year ended 31 December 2022 (2021: £21.5m).

Cost of sales

Cost of sales have increased by 18.7% to £10.8m in the current period (2021: £9.1m) due to an increase in intellectual property charges due to other group companies.

eFront Ltd

Strategic Report for the Year Ended 31 December 2022 (continued)

Profit before tax

Profit before tax decreased by 4.5% to £2.1m in the current period (2021: £2.2m), principally due to a decrease in dividends received from subsidiaries.

Net assets

Net assets increased by 7.2% to £11.9m at 31 December 2022 (2021: £11.1m), principally due to a decrease in current liabilities.

Principal risks and uncertainties

The directors are responsible for the Company's system of risk management and internal control and for reviewing its effectiveness.

The directors have considered a number of potential risks and uncertainties affecting the Company's business and have established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the directors.

This system assists the directors in determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives.

Actions taken by the directors to manage and mitigate the Company's principal risks and uncertainties are set out as follows:

Market risk

Risk description: market risk represents the risk that a significant market downturn will impact the Company's fee revenue or the value of its Statement of Financial Position holdings. Movements in foreign exchange ("FX") rates cause the value of the Company's Statement of Financial Position holdings to fluctuate, creating volatility in net income, and/or operating cash flow.

Risk mitigation: market risk to revenue is regularly monitored to reflect any changes in revenue drivers and market conditions. Market risk's impact on the Statement of Financial Position is regularly monitored by the Treasury and Finance teams to reflect any changes in the Statement of Financial Position positions, composition and hedging of FX exposures.

Credit risk

Risk description: credit risk is the risk that a counterparty to the Company defaults or deteriorates in creditworthiness before the final settlement of a corporate transaction or other credit obligation. Credit risk exposure may also occur through the normal course of business from client fee receivables (which may not be paid) and from the investment of corporate cash.

Risk mitigation: the Company minimises its exposure by actively pursuing settlement of outstanding fee invoices within the terms and conditions of the underlying agreement. Intercompany balances are managed centrally and are settled on a regular basis. The Treasury and Risk and Quantitative Analysis departments continuously monitor the creditworthiness of HSBC, the Company's main corporate bank.

Corporate liquidity risk

Risk description: corporate liquidity risk is the risk that the Company is not able to meet its financial obligations as they come due without adversely impacting its financial position, its ability to operate its normal course of its business, or its reputation.

Risk mitigation: the Company has a liquidity governance framework and policy, set at a group level, that are designed to: identify, quantify, forecast and monitor the Group's liquidity needs, risks and requirements; maintain liquidity resources in excess of requirements; and maintain an appropriate governance and controls framework for the usage and allocation of corporate liquidity.

eFront Ltd

Strategic Report for the Year Ended 31 December 2022 (continued)

Corporate tax risk

Risk description: corporate tax risk is the risk of financial loss and reputational damage arising from failure to comply with local tax regulations; ineffective controls over tax accounting or reporting; failure to manage changes in taxation rates, law, ownership, or corporate structure; or failure to disclose accurate information on a timely basis. This risk also arises where the Company's own tax treatments, policies or procedures are subject to interpretation by tax authorities that differ from the Company's or its advisors' interpretations. This can lead to the Company needing to adjust its structures, practices or strategies.

Risk mitigation: the Company's controls around tax reporting are designed to prevent errors and ensure compliance with disclosure requirements within prescribed timeframes. The Company seeks to comply with all relevant accounting and regulatory disclosure requirements to mitigate the risk of any public restatements of financial reporting information.

Non-financial (operational) risks

Risk description: non-financial risks are operational risks that arise from events or actions, other than financial transactions, that can negatively impact the operations, assets or reputation of the Company. These risks may, but do not always have, an adverse financial impact, and are often the result of inadequate internal processes, controls, people or systems, or external events. Key operational risks facing the Company include:

- *Operational (process) risk:* risk of financial loss or reputational impact resulting from inadequate or failed internal processes and controls, human error, or systems, which may occur within the Company's internal operations.
- *Compliance risk:* risk that the Company's products, services, activities, or operations are not conducted in compliance with applicable law and regulations, that conflicts of interest are not appropriately mitigated or that there is a failure to appropriately manage reporting requirements.
- *Technology resilience risk:* risk arising from the inability to provide, maintain or recover key technology platforms. Examples include a system outage or disruption, software or technology infrastructure failure (e.g., servers, storage devices, network components).
- *Information security risk:* risk arising from the inability to meet confidentiality, integrity, or availability requirements of Company information. Information security risk can also be described as failure to protect the Company against internal or external security threats, including accidents or malicious attacks by personnel, attacks by outsiders, and breaches at third parties, among others.
- *Product risk:* risk arising from product launches that are not aligned with client requirements, or that the Company cannot operationally support in a risk-controlled manner. Product risk arises throughout the product lifecycle, including the introduction of new products, change to existing products, and product closure.
- *Major change risk:* risk due to failures in project governance and implementation, e.g. through the inability to successfully manage the extent or pace of change across the Company.
- *Financial crime risk:* risk arising from the failure to prevent external or internal parties from gaining access to, or utilising, customer or company assets for criminal purposes or the failure to adhere to relevant laws and regulations or have adequate systems and controls to demonstrate appropriate compliance in relation to money laundering, breaches of economic sanctions, fraud (internal and external) and bribery and corruption.
- *People/culture risk:* risk of failure to maintain appropriate key talent management practices and human resources operational activities, which could adversely affect the Company's performance and reputation and its ability to attract and retain talent. This risk also includes the risk associated with employee relations disputes arising from the behaviour of employees and the non-alignment with the intended culture of the organisation.

eFront Ltd

Strategic Report for the Year Ended 31 December 2022 (continued)

- *Climate risk:* a growing awareness of the ongoing and potential future impact of climate change is shifting the views and expectations of BlackRock's key stakeholders including clients, regulators, shareholders, employees and the broader public as well as the way BlackRock thinks about climate risks as an investment risk. Climate change poses risks and opportunities that may impact the companies in which BlackRock invests on behalf of its clients. The risk arises both in terms of the physical risk associated with rising global temperatures, and also transition risk, namely, how the global transition to a low-carbon economy could affect a company's long-term profitability.
- *Financial reporting risk:* risk resulting from ineffective internal controls over financial reporting or failure to prepare and/or disclose accurate information in financial statements, which could have an adverse impact on the Company's reputation and lead to the restatement of accounts, increased scrutiny, or fines.

Risk mitigation: the Company has a well-established operational risk management framework, set at a group level, that provides appropriate control and oversight over risk management arrangements. A risk management framework has been adopted, at a group level, based on a three lines of defence model comprised of the following five elements:

- Risk identification and definition, including identifying the Company's key risks and emerging risks, identifying business unit risk through tools such as risk and control self-assessments and regular meetings with business units, reviewing new products and major changes and reviewing internal and external operating events.
- Risk tolerance, including setting risk tolerances and manage its key enterprise risks within their limits and tolerances, ensuring appropriate escalations if risk tolerances are breached.
- Risk management and control, including establishing appropriate processes to measure, manage and control risk taking and address how specific duties related to risks and controls are assigned and coordinated.
- Risk monitoring and reporting, including providing information and reports to functional and regional business management, boards, committees and regulators. This includes monitoring and investigating operating events, and recording them in a database of operating events, establishing and monitoring key risk indicators in the context of the Company's risk tolerance. Additionally, it includes risk profile reporting and operating event and large operating event reporting.
- Risk governance and oversight, including establishing policies and procedures, establishing regional and global risk committees and overseeing the risk management framework.

Reputational risk

Risk description: reputational risk is the risk arising from an adverse perception on the part of existing and potential stakeholders, overseers and business partners (e.g. clients, regulators, government bodies, trading counterparties and suppliers) that could negatively impact revenue, earnings, brand value, and customer retention.

Risk mitigation: BlackRock's reputation is one of its most important assets and BlackRock expects all of its employees to act with the highest level of integrity with clients and in markets. As a client-focused business, BlackRock considers reputational risk to be a fundamental aspect of all business and risk management activities. Reputational risk exposure is an integral part of BlackRock's Enterprise Risk Management Framework and a key focus for internal control processes around strategic decisions, products and services, operational processes, corporate governance, responsibility and communications, client and other external relationships.

eFront Ltd

Strategic Report for the Year Ended 31 December 2022 (continued)

Conduct risk

Risk description: conduct risk is the risk arising from inappropriate behaviour by the Company and/or its employees which leads to detriment to the Company or its clients or has a negative impact on market integrity.

Risk mitigation: conduct risk is present in all of the Company's activities and responsibility for managing conduct risk is embedded throughout the Company's organisational and governance arrangements. All employees are expected to follow the BlackRock Principles and the Code of Business Conduct and Ethics. One of the BlackRock's core principles is 'We are a fiduciary to our clients' and BlackRock expects all of its employees to put clients' interests first, to comply with all regulations, to abide by the law and to act with the highest level of integrity with clients and in markets.

Group risk

Risk description: group risk is the risk that the financial position of the Company may be adversely impacted by its relationships with other entities in the BlackRock, Inc. Group ("the BlackRock group") or by risks that may affect the financial position of the whole group. As a member of the BlackRock group, the Company faces the risk that decisions made by, or circumstances impacting BlackRock group entities, may either directly impact the Company or may 'spill-over' and have an impact on the Company. These could include, but are not limited to strategic mergers or acquisitions, divestiture decisions, severe financial distress, reputational damage or decisions regarding the ability or willingness to provide services to the Company.

Risk mitigation: group risk is mitigated by the BlackRock's senior management and control functions being represented in the BlackRock group's global decision-making bodies, and by the Company having documented contractual arrangements for services with other group companies.

eFront Ltd

Strategic Report for the Year Ended 31 December 2022 (continued)

Companies Act s172 Statement

The directors of the Company must act in a way that 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. In doing so, they should have regard to other factors, including those set out in section 172(1) of the Companies Act 2006. As the Company is a wholly-owned subsidiary of the BlackRock group, its parent companies and other members of the BlackRock group are key stakeholders of the Company. The key board activities during the year which were influenced by consideration of the Company's stakeholders and the factors set out in s172(1) included:

- approving cash repatriation transactions, including the payment of interim dividends, first ensuring that there are sufficient distributable profits under company law to make such distributions; and
- approving its annual financial statements, including carefully considering its going concern status and reviewing key accounting judgements and estimates as detailed in the financial statements;

The Company, as a subsidiary of BlackRock, adheres to the BlackRock's code of ethics which can be found here: https://s24.q4cdn.com/856567660/files/doc_downloads/governance_documents/Code-of-Business-Conduct-and-Ethics_20200430.pdf.

The Company, as a subsidiary of BlackRock, has communicated its sustainability commitments to all stakeholders in a letter to shareholders of BlackRock, Inc., which can be accessed at the following link: <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>.

The Company has employees and the BlackRock group's employee policies, more broadly, can be found here: <https://www.blackrock.com/corporate/responsibility/human-capital>.

Suppliers are also stakeholders of the Company. As a member of the BlackRock group, the Company requires that all suppliers comply with the BlackRock group supplier code of conduct and ethics found here: <https://www.blackrock.com/corporate/literature/publication/blackrock-supplier-code-of-conduct-and-ethics.pdf>.

To ensure an efficient and effective approach, certain stakeholder engagement is led at the BlackRock group level, in particular where matters are of group-wide significance or have the potential to impact the reputation of the BlackRock group. As the Company is part of a wider group, the duties of the directors of the Company are exercised in a way that is most likely to promote the success of the Company for the BlackRock group as a whole, while having regard to factors outlined in section 172(1) Companies Act 2006.

This statement is also available on the Company's website at:
<https://www.blackrock.com/uk/individual/literature/policies/s172-corporate-governance-statements.pdf>

Approved by the directors on 15 June 2023

Tarek Chouman

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Mr Tarek Chouman
Director

Melissa Ferraz

.....
Ms Melissa Ferraz
Director

eFront Ltd

Directors' Report for the Year Ended 31 December 2022

The directors present their report together with the audited financial statements of eFront Ltd (registered number: 03650489) for the year ended 31 December 2022.

The directors have chosen, in accordance with section 414C (11) of the Companies Act 2006, to include certain additional matters in the Strategic Report that would otherwise be required to be disclosed in the Directors' Report.

Dividends

Dividends of £1.6m were paid in the year ended 31 December 2022 (2021: £9.1m).

Directors and officers of the Company

The directors, who held office during the year and up to the date of this report, were as follows:

Mr Tarek Chouman

Ms Kathryn Vanek (resigned 31 March 2022)

Ms Melissa Ferraz (appointed 5 April 2022)

Statement of directors' responsibilities

The directors acknowledge their responsibilities 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 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.

Going concern

The directors believe that the Company is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

eFront Ltd

Directors' Report for the Year Ended 31 December 2022 (continued)

Directors' third-party indemnity provisions

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2022 for the benefit of the then directors and, at the date of this report, are in force for the benefit of the directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, powers or office.

Disabled employees

Applications for employment by disabled persons are fully and fairly considered having regard to the aptitudes and abilities of each applicant. Efforts are made to enable any employees who become disabled during employment to continue their careers with the Company. Training, career development and promotion of disabled persons is, as far as possible, identical to that of other employees.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Reappointment of auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 15 June 2023 and signed on its behalf by:

Tarek Chouman

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Mr Tarek Chouman
Director

Melissa Ferraz

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Ms Melissa Ferraz
Director

Independent auditor's report to the members of eFront Ltd.

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of eFront Ltd. (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes to the financial statements 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit, and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, and tax legislation; and

- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the Company's main financial regulators, regulatory licenses and stewardship, and ESG regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, IT and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

Accuracy of manually calculated license, service and support fees

Fee calculation for adjustments relating to the license, service and support fees which are performed manually, are typically complex in nature and may require a degree of judgement to assess whether revenue recognition criteria are appropriately met. In addition to the inherent risk of error, there is also a risk that management may use these manual processes to influence the recognition of license, service and support fees. As such for a sample of recorded license, service and support fees, we obtained underlying contracts and verified whether the recognition criteria have been met & recalculated the revenue as per the underlying contracts.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with regulators (including tax authorities and the Company's regulatory licensing authority).

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

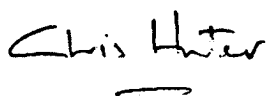
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Chris Hunter CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Edinburgh, United Kingdom

15 June 2023

eFront Ltd

Income Statement for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Revenue	4	25,216	21,492
Cost of sales		<u>(10,788)</u>	<u>(9,058)</u>
Gross profit		14,428	12,434
Administrative expenses		(12,445)	(10,717)
Other operating expenses		<u>-</u>	<u>(327)</u>
Operating profit	5	1,983	1,390
Dividends received		-	984
Net gains on derivative financial instruments		54	7
Finance income	6	20	-
Finance costs	6	<u>-</u>	<u>(134)</u>
Profit before tax		2,057	2,247
Income tax expense	10	<u>(24)</u>	<u>(337)</u>
Profit for the year		<u>2,033</u>	<u>1,910</u>

The above results were derived wholly from continuing operations.

There are no other comprehensive income/expense items in the current or prior years, therefore the profit for these years represents the comprehensive income.

eFront Ltd

(Registration number: 03650489)

Statement of Financial Position as at 31 December 2022

		31 December 2022 £ 000	31 December 2021 £ 000
	Note		
Assets			
Non-current assets			
Investments	11	7,261	7,261
Deferred tax assets	10	467	561
		<u>7,728</u>	<u>7,822</u>
Current assets			
Trade and other receivables	12	7,602	7,665
Income tax assets	12	129	204
Cash and cash equivalents		<u>6,761</u>	<u>6,791</u>
		<u>14,492</u>	<u>14,660</u>
Total assets		<u><u>22,220</u></u>	<u><u>22,482</u></u>
Equity and liabilities			
Equity			
Share premium reserve		6,884	6,884
Share-based payment reserve		2,413	2,098
Retained earnings		<u>2,551</u>	<u>2,078</u>
		11,848	11,060
Current liabilities			
Trade and other payables	16	<u>10,372</u>	<u>11,422</u>
Total equity and liabilities		<u><u>22,220</u></u>	<u><u>22,482</u></u>

Approved by the Board on 15 June 2023 and signed on its behalf by:

Tarek Chouman

.....
Mr Tarek Chouman
Director

Melissa Ferraz

.....
Ms Melissa Ferraz
Director

The notes on pages 13 to 28 form an integral part of these financial statements.

eFront Ltd

Statement of Changes in Equity for the Year Ended 31 December 2022

	Called-up share capital £ 000	Share premium reserve £ 000	Share-based payment reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022	-	6,884	2,098	2,078	11,060
Profit for the year	-	-	-	2,033	2,033
Total comprehensive income	-	-	-	2,033	2,033
Dividends	-	-	-	(1,560)	(1,560)
Share-based payment transactions	-	-	315	-	315
At 31 December 2022	-	6,884	2,413	2,551	11,848

	Called-up share capital £ 000	Share premium reserve £ 000	Share-based payment reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	-	6,884	1,401	9,251	17,536
Profit for the year	-	-	-	1,910	1,910
Total comprehensive income	-	-	-	1,910	1,910
Dividends	-	-	-	(9,083)	(9,083)
Share-based payment transactions	-	-	697	-	697
At 31 December 2021	-	6,884	2,098	2,078	11,060

The notes on pages 13 to 28 form an integral part of these financial statements.
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eFront Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in the England, United Kingdom.

The address of its registered office is:

12 Throgmorton Avenue

London

EC2N 2DL

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 'Application of Financial Reporting Requirements' ("FRS 100") as issued by the FRC. Accordingly, the Company has applied FRS 101.

The financial statements have been prepared on the historical cost basis, except for the revaluation of any financial instruments at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Summary of disclosure exemptions

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

Where required, equivalent disclosures are given in the group accounts of BlackRock, Inc. These accounts are available to the public and can be obtained as set out in note 20.

Exemption from preparing group accounts

The financial statements contain information about eFront Ltd as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, BlackRock, Inc.

Consideration of climate risk

The Company reviews and manages climate related risks. In preparing the financial statements, the directors have considered the implications of climate related risk and have concluded that there has been no material impact identified on the financial reporting judgements and estimates or on the valuation of the Company's assets and liabilities.

eFront Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report along with principal risks and uncertainties.

In assessing the going concern status, the directors have taken into account the above factors, including the financial position of the Company and in particular the net asset position and relative low risk of outstanding debtors (particularly amounts due from other group companies). The Company has, at the date of this report, sufficient existing finances available for its estimated requirements for the next 12 months. This, together with its proven ability to generate cash from operations, provides the directors with the confidence that the Company is well placed to manage its business risks successfully.

After making appropriate enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Changes in accounting standards

New accounting standards, interpretations and amendments adopted

None of the standards, interpretations and amendments issued by the International Accounting Standards Board ("IASB") which are effective for the first time from 1 January 2022 have had a material effect on the financial statements.

Revenue recognition

Recognition

The Company earns revenue from the provision of services relating to sale or license of software products and of maintenance, subscription, consulting, development, training and other services. Revenue is recognised upon transfer of control of promised services to customers, i.e. when (or as) a performance obligation is satisfied, in an amount that reflects consideration to which the Company expects to be entitled in exchange for those services (the "transaction price"), net of value added tax. The Company enters into contracts that can include multiple services and, in certain instances, may charge a "unitary fee" to cover these services. Such fees are accounted for separately if they are determined to be distinct. For some contracts with customers, the Company involves third parties and related parties in providing services to the customer. Generally, the Company is deemed to be the principal in these arrangements because the Company controls the promised services before they are transferred to customers, and accordingly presents the revenue gross of related costs.

eFront Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Fee arrangements

Below are details of fee arrangements, and how these are measured and recognised, for revenue from the provision of services:

- **License fee:** The Company provides software access rights to customers via a secure download link. The license subscription period begins as soon as the customers' access rights are granted. Revenue from software licenses is recognised when control is transferred to the customer.

When the license involves a specific development, modification, or customisation of software products and the services cannot be performed by third-party providers, which may compromise the clients' acceptance of the goods supplied or services rendered, revenue is recognised using the stage-of-completion method based on contract costs incurred to date as a percentage of total estimated costs required to complete the work.

- **Service fee:** Services relate to implementation, integration and training. These services do not generally require significant modification or customisation of the software products and are therefore accounted for separately from license fees.

As the performance obligation relating to the service provided is satisfied over time, the related revenue is also recognised over time, as and when the service is provided.

- **Support/hosting and maintenance fees:** Support and maintenance services consist of telephone or email assistance and unspecified product upgrades. Upgrades cannot be considered as essential to the use of the software, which does not require frequent updates in order to function.

The Company's customers can choose to have the Company host the software on internal servers or to host the software themselves, without this affecting the software's performance. Customers can freely cancel or sign up to hosting services without changing the license subscription contract. Hosting related revenues are recognised over time, as customers benefit from the service of hosting during the term of the contract (irrespective of how many users or how often they elect to use the hosted service).

- **Fees from group companies:** The Company provides support services to other BlackRock entities. Such services are undertaken in accordance with legal agreements in place between the relevant entities, and the associated fees are determined in accordance with the arm's length principle. Fees from group companies are recognised as the services are performed.

Foreign currency transactions and balances

The financial statements are presented in sterling, which is the currency of the primary economic environment in which the company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognised in the profit and loss account in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences on non-monetary items, measured at fair value through profit or loss ("FVTPL"), are reported as part of the fair value gain or loss in the profit and loss account in the period in which they arise.

eFront Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Tax

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries in which the Company operates and generates taxable income.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in the Income Statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Investments

Investments are equity holdings in subsidiaries. They are measured at cost less any provision for impairment. Investments are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable.

Dividends

Dividend income from investments is recognised when the Company's rights to receive payment have been established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Dividends payable are included in the financial statements in the period in which they are approved by the directors.

eFront Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Share-based payments

The ultimate parent company, BlackRock, Inc., issues equity-settled share-based payments to certain employees of the Company. The fair values of equity-settled schemes are determined at the grant date and expensed on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards, based on the group's estimate of awards that will eventually vest and adjusted for the effect of non-market based vesting conditions. Details of the share-based payment schemes in existence are provided in note 15 and the expense arising from share-based compensation is disclosed in note 7.

Defined contribution pension obligation

Payments to defined contribution retirement benefit plans are recognised as an expense when the employees have rendered service entitling them to the contributions.

Other employee benefits

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities. Short-term compensated absences are recognised, in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences or, in the case of non-accumulating compensated absences, when the absences occur.

Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities and calculated using the projected unit credit method, which views each period of employee service as giving rise to an additional unit of benefit entitlement. The liabilities are discounted, if material, using yields available on high quality corporate bonds that have maturity dates approximating to the expected remaining period to settlement.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised on the trade date when the Company becomes party to the contractual provisions.

Financial assets are derecognised when the contractual rights to the cash flows expire, or when the financial asset and substantially all the risks and rewards are transferred. Financial liabilities are derecognised when the obligated is extinguished, discharged, cancelled or expired.

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable), except for trade receivables that do not contain a significant financing component which are measured at transaction price.

Financial assets are classified and subsequently measured, based on business model and contractual cash flow characteristics, at: amortised cost; FVTPL ; or fair value through other comprehensive income ("FVTOCI").

All income and expenses relating to financial assets that are recognised in the Income Statement are presented within finance costs, finance income or net gains or losses on derivative financial instruments, except for impairment of trade receivables which is presented within administrative expenses.

eFront Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Foreign exchange gains or losses arising on financial assets at amortised cost are presented in the Income Statement within administrative expenses and disclosed in note 5. For financial assets at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Income Statement within net gains or losses on derivative financial instruments.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost when their contractual cash flows are solely payments of principal and interest and they are held within a business model designed to hold the asset and collect its cash flows (and are not designated as FVTPL).

The Company's cash and cash equivalents and trade and other receivables are measured at amortised cost using the effective interest method and income is recognised on this basis.

Financial assets at fair value through profit or loss

Financial assets that are held other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The Company has not designated any amortised cost or FVTOCI financial assets at FVTPL.

The Company's financial assets measured at FVTPL comprise derivative financial instruments. Any gains or losses are recognised in the Income Statement.

Impairment of financial assets

Impairment provisions for trade receivables are recognised based on the simplified approach using the lifetime ECLs and the single loss-rate approach.

For other financial assets, where credit risk has not increased significantly since initial recognition, twelve month ECLs are recognised. For those where credit risk has increased significantly, lifetime ECLs are recognised.

For assets held at amortised cost, any ECL is recognised in the Income Statement with a corresponding adjustment to the asset's carrying value through a provision account.

Classification and initial measurement of financial liabilities

Financial liabilities are initially measured at fair value and, where applicable, adjusted for transaction costs unless designated at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for contingent consideration acquired in a business combination, held for trading liabilities (including derivatives) and financial liabilities designated at FVTPL, which are at fair value with gains or losses recognised in the Income Statement.

eFront Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

The Company's financial liabilities at amortised cost are trade and other payables. The Company's financial liabilities at FVTPL are derivative financial instruments. The Company has not designated any financial liabilities at FVTPL.

In the Income Statement interest-related charges are included within finance costs and changes in fair value are included within net gains on derivative financial instruments.

Foreign exchange gain or losses arising on financial liabilities at amortised cost are presented in the Income Statement within administrative expenses and disclosed in note 5. For financial liabilities at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Income Statement within net gains or losses on derivative financial instruments.

Derivative financial instruments

The Company's derivative financial instruments are measured at FVTPL. In the statement of financial position, derivative instruments with positive fair values (unrealised gains) are included as assets and derivative financial instruments with negative fair values (unrealised losses) are included as liabilities.

The Company uses derivative financial instruments to economically hedge risk associated with foreign exchange movements. It is not the Company's policy to trade in derivative instruments.

Equity instruments

Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. The Company's ordinary shares are classified as equity instruments.

3 Critical accounting judgements and key sources of estimation uncertainty

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

These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised. The directors do not consider that any critical accounting judgements or key sources of estimation uncertainty arose in the current or prior periods.

eFront Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

4 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2022 £ 000	2021 £ 000
License, service and support fees	10,725	9,049
Provision of support services to group companies	14,491	12,443
	<u>25,216</u>	<u>21,492</u>

The analysis of the Company's revenue for the year by geographical location is as follows:

	2022 £ 000	2021 £ 000
United Kingdom	4,534	5,940
Overseas	20,682	15,552
	<u>25,216</u>	<u>21,492</u>

Contract assets and liabilities

Contract assets relate to the Company's conditional rights to consideration for services, primarily relating to accrued income for unbilled services. These are disclosed as accrued income in note 12. Contract assets are transferred to receivables when the rights become unconditional. Receivables are disclosed as trade receivables in note 12.

Contract liabilities relate to the advance consideration received from customers, for which revenue is recognised as the services are performed. These are disclosed as deferred income in note 16.

5 Operating profit

Arrived at after charging/(crediting):

	2022 £ 000	2021 £ 000
Foreign exchange losses/(gains)	51	(277)

6 Finance income and costs

	2022 £ 000	2021 £ 000
Finance income		
Other finance income	20	-
Finance costs		
Interest expense on other financing liabilities	-	(134)

eFront Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

7 Staff costs

The aggregate payroll costs were as follows:

	2022	2021
	£ 000	£ 000
Wages and salaries	8,219	7,762
Social security costs	1,171	968
Pension costs, defined contribution scheme	753	646
	<u>10,143</u>	<u>9,376</u>

The average number of persons employed by the Company during the year, analysed by category was as follows:

	2022	2021
	No.	No.
Sales and relationship management	15	14
Technology	24	24
Data analytics and modelling	-	1
Corporate functions	15	16
	<u>54</u>	<u>55</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£ 000	£ 000
Aggregate emoluments	764	240
Company contributions in respect of defined contribution pension schemes	3	-
	<u>767</u>	<u>240</u>

Of the 3 (2021: 2) directors that served during the year, 1 was remunerated by the Company (2021: none). The amounts included above relate to their service as directors of the Company based on an estimated time allocation basis.

The number of directors who were receiving benefits and share incentives was as follows:

	2022	2021
	No.	No.
Received or were entitled to receive shares under service condition based schemes	2	2
Received or were entitled to receive shares under market performance based schemes	-	1
Accruing benefits under defined contribution pension schemes	<u>2</u>	<u>1</u>

eFront Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Directors' remuneration (continued)

During the year, no director (2021: no director) exercised BlackRock, Inc. share options.

In respect of the highest paid director:

	2022	2021
	£ 000	£ 000
Aggregate emoluments	<u>627</u>	<u>233</u>

During the year the highest paid director received or was entitled to receive shares under both a service condition based incentive scheme and a market performance based incentive scheme.

9 Auditors' remuneration

	2022	2021
	£ 000	£ 000
Audit of the financial statements	<u>179</u>	<u>135</u>

No fees were paid to Deloitte LLP in respect of tax advisory services, or any other assurance and non-audit services.

10 Income tax

Tax charged/(credited) in the income statement:

	2022	2021
	£ 000	£ 000
Current taxation		
UK corporation tax	39	21
UK corporation tax adjustment to prior periods	-	386
Foreign tax adjustment to prior periods	<u>-</u>	<u>29</u>
Total current income tax	<u>39</u>	<u>436</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(5)	(51)
Arising from changes in tax rates and laws	-	(48)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	<u>(10)</u>	<u>-</u>
Total deferred taxation	<u>(15)</u>	<u>(99)</u>
Tax expense in the income statement	<u>24</u>	<u>337</u>

In addition to the amount charged in the Income Statement, and other comprehensive income, the following amounts relating to tax have been recognised directly in equity:

eFront Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Income tax (continued)

	2022 £ 000	2021 £ 000
Current taxation		
Current taxes on items credited to equity	(39)	(21)
Deferred taxation		
Deferred taxes on items charged/(credited) to equity	(109)	121
Total income tax recognised directly in equity	<u>(148)</u>	<u>100</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021: lower than the standard rate of corporation tax in the UK) of 19% (2021: 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	<u>2,057</u>	<u>2,247</u>
Corporation tax at standard rate	391	427
Increase in current tax from adjustment for prior periods	-	416
Decrease from effect of revenues exempt from taxation	(12)	(188)
Increase from effect of expenses not deductible in determining taxable profit	1	62
Decrease arising from group relief tax reconciliation	(316)	(322)
Deferred tax (credit)/expense from unrecognised tax loss or credit	(341)	5
Increase/(decrease) from effects of double taxation relief	311	(15)
Deferred tax credit from unrecognised temporary difference from a prior period	(10)	-
Deferred tax credit relating to changes in tax rates or laws	-	(48)
Total tax charge	<u>24</u>	<u>337</u>

In June 2021, the Finance Act 2021 was enacted to increase the UK corporation tax rate from 19% to 25% from 1 April 2023. The tax balances of the Company have been recognised at a rate of 19% or 25% depending on the rate at which these are expected to unwind.

The Company notes recent developments in relation to the Organisation for Economic Co-operation and Development (OECD) inclusive Framework on Base Erosion and Profit Shifting which will set a new minimum global corporate tax rate of 15%. This may impact the Company's future tax charge and effective tax rate but at this stage it not possible to estimate the impact on the BlackRock Group and therefore the Company. No deferred tax assets or liabilities are recognised in the financial statements in respect of such taxes.

eFront Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Income tax (continued)

Deferred tax

Deferred tax movement during the year:

	At 1 January 2022 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2022 £ 000
Accelerated tax depreciation	9	(2)	-	7
Share-based payment	400	22	(109)	313
Tax losses carry-forwards	152	(5)	-	147
Net tax assets/(liabilities)	<u>561</u>	<u>15</u>	<u>(109)</u>	<u>467</u>

Deferred tax movement during the prior year:

	At 1 January 2021 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2021 £ 000
Accelerated tax depreciation	8	1	-	9
Share-based payment	189	90	121	400
Tax losses carry-forwards	144	8	-	152
Net tax assets/(liabilities)	<u>341</u>	<u>99</u>	<u>121</u>	<u>561</u>

11 Investments

Subsidiaries	£ 000
Cost	
At 1 January 2022	<u>7,588</u>
At 31 December 2022	<u>7,588</u>
Provision for impairment	
Provision	<u>327</u>
At 31 December 2021	<u>327</u>
Provision	<u>327</u>
At 31 December 2022	<u>327</u>
Carrying amount	
At 31 December 2022	<u>7,261</u>
At 31 December 2021	<u>7,261</u>

eFront Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Investments (continued)

Details of the subsidiaries as at 31 December 2022 are as follows:

Name of subsidiary	Principal activity	Principal place of business	Proportion of ownership interest and voting rights held	
			2022	2021
eFront (Jersey) Limited*	Developer and marketer of computer software	1 & 2 First Floor, Forum 3, Grenville Street, First Floor, St. Helier, JE2 4UF	100%	100%
eFront Hong Kong Limited*	Software distributor and implementation service provider	16/F Champion Tower, Three Garden Road, Central Hong Kong	100%	100%
eFront Beijing Limited	Software distributor and implementation service provider	16F Gemdale Plaza Tower	100%	100%
eFront FZ LLC*	Software distributor and implementation service provider	Al Shatha Tower, Suite 2410, 24th Floor, Dubai, PO Box 502736	100%	100%
eFront Singapore Limited*	Software distributor and implementation service provider	Twenty Anson, 20 Anson Road, Singapore 079912	100%	100%
eFront KK*	Software distributor and implementation service provider	1-8-3 Marunouchi, Chiyoda-ku Marunouchi Trust Main Tower Tokyo, Japan 100-8217	100%	100%

* indicates direct investment of eFront Ltd

As a result of losses incurred by the entity, the Company recognised an impairment loss of £327,000 in 2021 in respect of its investment in eFront (Jersey) Limited.

eFront Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Trade and other receivables

	31 December 2022 £ 000	31 December 2021 £ 000
Trade receivables	3,436	1,148
Amounts due from group companies	91	1,057
Accrued income	4,050	5,403
Prepayments	13	24
Other receivables	12	33
Corporation tax asset	129	204
	<u>7,731</u>	<u>7,869</u>

Amounts due from group companies are unsecured, interest free and repayable on demand.

13 Share capital

Allotted, called up and fully paid shares

	No.	31 December 2022 £	No.	31 December 2021 £
Ordinary shares of £0.01 each	<u>555</u>	<u>5.55</u>	<u>555</u>	<u>5.55</u>

14 Retirement benefit obligations

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £753,000 (2021: £646,000).

eFront Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

15 Share-based payments

Standard Restricted Stock Units

Employees of the Company may be granted share-based compensation in the form of restricted stock unit ("RSU") award schemes. RSUs are an unsecured promise to pay value in the form of BlackRock, Inc. shares. They do not carry voting rights until they are converted to shares. An RSU is deemed equivalent in fair market value to one common share. Substantially all awards are settled in common shares. Under these plans, such RSUs are restricted from sale, transfer or assignment until the end of the restricted period. Such shares and units are subject to forfeiture during the vesting period. All schemes are accounted for on an equity-settled basis.

RSUs are issued by the ultimate parent company, BlackRock, Inc., and are converted into shares of BlackRock, Inc. on each of the vesting dates. Substantially all RSUs vest over periods ranging from one to three years, although conditions vary between different types of award. Dividend equivalents on RSUs are subject to forfeiture prior to vesting of the award, and as such are not paid to employees until that date.

RSU awards are granted with a service condition only. These awards are valued at their grant-date fair value as measured by the BlackRock, Inc. common stock price. The total fair value amortised over the vesting period is adjusted for future forfeitures based on management's best estimate of restrictions and behavioural considerations.

16 Trade and other payables

	31 December 2022 £ 000	31 December 2021 £ 000
Accrued expenses	2,199	2,641
Amounts due to group companies	2,638	1,174
Social security and other taxes	889	1,705
Other payables	4,646	5,902
	<u>10,372</u>	<u>11,422</u>

All amounts due to group companies are unsecured, interest free and repayable on demand.

17 Dividends

	31 December 2022 £ 000	31 December 2021 £ 000
Interim dividends of £2,810.81 (2021: £16,365.77) per ordinary share	<u>1,560</u>	<u>9,083</u>

eFront Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

18 Fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

Level 1 - fair value measurement derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - fair value measurement derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from prices).

Level 3 - fair value measurement derived from unobservable inputs for the asset or liability.

The following tables provide the fair value measurement hierarchy of the Company's assets and liabilities.

Liabilities measured at fair value 2022

	Level 2 £ 000	Total £ 000
Derivatives	-	-

Liabilities measured at fair value 2021

	Level 2 £ 000	Total £ 000
Derivatives	6	6

19 Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow members of the group.

Details of directors' remuneration are set out in note 8. There are no personnel other than directors, who as key management exercise authority and responsibility for planning, directing and controlling the activities of the Company.

20 Parent and ultimate parent undertaking

The Company's immediate holding company is eFront Holding SAS and the ultimate parent company and controlling party is BlackRock, Inc., a company incorporated in the State of Delaware in the United States of America. The parent company of the largest and smallest group that includes the Company and for which group accounts are prepared is BlackRock, Inc. Copies of the group financial statements are available upon request from the Investor Relations website at www.blackrock.com or requests may be addressed to Investor Relations at 50 Hudson Yards, New York, NY10001, USA or by email at invrel@blackrock.com.