Platform Securities Services Limited

Annual report and financial statements

Registered number 05289974

Year Ended 31 December 2020

Contents

Strategic report

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Fair review of company's business activities

The principal activity of the company during the period was the provision of stock broking software and ancillary services.

The business model is based around providing the following services:

- Application Service Provider (ASP) - System is fully managed by Platform Securities, client maintains all control of back office functions.
- Ancillary services including consultancy and services to Clients and associated undertakings.

These services generate a mixture of transaction and work order revenues from our existing client base.

We assist our clients to grow their businesses by providing good service and continuing development of the product and solutions and we anticipate growth from new business to further utilise the fixed cost base whilst ensuring the variable costs are scalable and well controlled to increase profit margin. As a service provider, market conditions continue to generate opportunities where the business provides a variable cost solution to both institutional and retail wealth management businesses.

The business during the year has focused on a program of providing quality customer service while continuing to review processes and efficiencies. We are ready to take on additional clients and ultimately expand further with our defined product offering. This process will be further enhanced with investment planned from its ultimate parent to enhance technology and add additional automation to make the service even more scalable. It is expected that these will have a gradual impact on profit as they embed into the business.

Key performance indicators

	2020	*Restated** 2019
Turnover (£000)	**21,512**	18,875
Net profit (£000)	**1,867**	2,240
Average number of employees servicing the company	**11**	11

**Restated – see Note 17*

KPIs are widely used by the business to aid strategic and tactical decision making. A volatile economic climate makes the accuracy, interpretation and use of KPIs even more critical to the successful running of the business. Trade volumes are a key metric to the business and are the major driver of both revenue and costs. The current period shows an increase in volumes on the previous year. FTE is under continuous review to ensure there are appropriate levels of resources to service the business.

The current year shows a significant increase in volumes as well as an increase in AUM of 25% on the previous year, mainly due to the market growth and new client assets. The company under the Platform Securities Holdings Limited group continues its ongoing strategy, which includes the targeting of new retail and institutional clients and through rigorous cost control. Staff resource is also under continuous review to ensure there are appropriate levels to service the business. Transactional volumes have previously been challenged in the market and more recently asset values, therefore there is a strategic focus on charging under a blended model of AUM and transactional fees.

Based on market research, this strategy complements the data, and confirms the opportunity for growth in our market sector. The company will invest larger amounts of tools and resources to retain existing clients and bring on new business and plans investment towards maintaining and enhancing software and the services it provides, whilst ensuring it remains Retail Distribution Review compliant. Profits will be retained to enhance the capital position of the regulated entity.

Strategic report *(continued)*

COVID-19 Pandemic

This pandemic is clearly a worrying time for the global population, the wider economy and our business customers. The business priority has, rightly, been on ensuring our colleagues', customers', and other stakeholders' health and safety is considered. We have closely followed official health advice, taken steps to mitigate the impact on our employees, and successfully implemented working from home for all employees other than a small number deemed essential to facilitate the ongoing functioning of a full service. We have been designated as critical infrastructure workers by the FCA.

The impact on the financial performance and liquidity is dependent on a variety of factors: from the time for which the virus materially impacts society; the Government action to protect the economy, and the ability for our customers to continue their operations through this difficult period and beyond.

Our revenues are generated from primary Wealth Management Investment Firms who are reliant on their customers which are typically retail investors where the risk is an erosion of clients and assets. There are four key revenue drivers for the business namely, Custody fees (from Assets Under Management "AUM"), Transactional process fees, Professional Services, and Treasury Management Fees / Interest Income. The most significant of these being AUM fees. Therefore, the business has reviewed its operations and stress tested restrictions on business operations and assume these continue for at least six months. This includes ensuring enough regulatory working capital and surplus cash flow and liquidity.

Brexit

Brexit impact has been minimal on the business even post transitional arrangements. Future planning included the approval by the Board to establish a European entity if required to facilitate future expansion but has yet to be acted upon. The company losing its regulatory passporting rights is still able to continue to service professional clients in Europe under a Safe Harbour exemption. The business continues to monitor external risks and uncertainties following the UK leaving the EU and considers itself business prepared should it require to transact business within the EU.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company meets its day-to-day working capital requirements from its own cash at bank and from ongoing financial support from Platform Services Holdings Limited, its parent undertaking.

The directors have prepared cash flow forecasts for a period to 31 December 2022 which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period, through funding from its parent company, Platform Securities Holdings Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Platform Securities Holdings Limited providing additional financial support during that period. Platform Securities Holdings Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Approved on behalf of the Board by:

DocuSigned by:
Jason Robinson
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J Robinson
Director

Date: September 17, 2021 | 13:53 EDT

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2020.

Results and dividend

The results for the company are set out in the financial statements.

The directors do not recommend the payment of a dividend *(2019: £Nil)*.

Directors

The directors who held office during the period were as follows:

Jason Robinson	(Non-executive director employed by an associated undertaking)
Nigel Reynolds (resigned 26 April 2021)	
Ian Welch (resigned 9 August 2021)	
Kim Webb	
Brian DuVal (appointed 1 January 2020)	(Non-executive director employed by an associated undertaking)
Bruce Jennings (resigned 1 January 2021)	(Non-executive director employed by an associated undertaking)
Robert Thacker (resigned 1 January 2020)	
Cheryl Anne Heather (appointed 10 March 2021)	(Non-executive director employed by an associated undertaking)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved on behalf of the Board of Directors by:

DocuSigned by:
Jason Robinson
607D4935B3D0432...

J Robinson
Director

25 Canada Square
London
E14 5LQ

DATE: September 17, 2021 | 13:53 EDT

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLATFORM SECURITIES SERVICES LIMITED

Opinion

We have audited the financial statements of Platform Securities Services Limited ("the company") for the year ended 31 December 2020 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of directors of the company as to the company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition due to individually insignificant invoices on individual customer contracts and no estimation/judgement involved in the billing process.

We did not identify any additional fraud risks.

We identified journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included cash entries posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

As the company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance.

The potential effect of these laws and regulations on the financial statements varies considerably.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

We identified the following areas as those most likely to have such an effect: anti-bribery, regulatory capital and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect a breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you 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 these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

DocuSigned by:
John Leech
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John Leech (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snow Hill
Snow Hill Queensway
Birmingham
B4 6GH

Date: September 20, 2021 | 03:44 PDT

Statement of comprehensive income
for the year ended 31 December 2020

	Note	2020 £	*Restated** 2019 £
Revenue	*2*	**21,511,907**	**18,875,287**
Cost of sales		**(5,018,525)**	**(4,512,783)**
Gross profit		**16,493,382**	**14,362,504**
Administrative expenses	*3*	**(14,253,519)**	**(11,915,861)**
Operating profit		**2,239,863**	**2,446,643**
Finance costs		**(106,274)**	**(11,555)**
Finance income		**1,741**	**15,389**
Profit before taxation		**2,135,330**	**2,450,477**
Tax (charge) / credit	*5*	**(268,642)**	**(210,140)**
Profit for the year		**1,866,688**	**2,240,337**

**Restated – Refer to Note 17*

There is no other comprehensive income. All revenue is from continuing operations.

The notes form part of the financial statements.

Statement of financial position
at 31 December 2020

	Note	2020 £	2019 £
Assets			
Non-current assets			
Property, plant and equipment	*6*	**1,030,966**	1,215,691
Intangible assets	*7*	**1,372,751**	2,429,345
Deferred tax	*8*	**265,167**	533,809
		2,668,884	4,178,845
Current assets			
Trade and other receivables	*9*	**13,602,400**	12,290,260
Cash and short-term deposits	*10*	**3,485,306**	632,201
		17,087,706	12,922,461
Total assets		**19,756,590**	17,101,306
Equity and liabilities			
Equity			
Issued capital	*12*	**7,821,190**	7,821,190
Share premium		**742,954**	742,954
Retained earnings		**1,331,295**	(535,393)
Total equity		**9,895,439**	8,028,751
Current liabilities			
Trade and other payables	*11*	**9,861,151**	9,072,555
Total liabilities		**9,861,151**	9,072,555
Total equity and liabilities		**19,756,590**	17,101,306

The notes form part of the financial statements.

These financial statements were approved by the board of directors on September 17, 2021 | 13:53 EDT and were signed on its behalf by:

DocuSigned by:
Jason Robinson
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J Robinson
Director

Company registered number: 05289974

Statement of changes in equity
for the year ended 31 December 2020

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 January 2019	7,821,190	742,954	(2,775,730)	5,788,414
Profit for the period	-	-	2,240,337	2,240,337
Total equity at 31 December 2019	**7,821,190**	**742,954**	**(535,393)**	**8,028,751**
At 1 January 2020	7,821,190	742,954	(535,393)	8,028,751
Profit for the current year	-	-	1,866,688	1,866,688
Total equity at 31 December 2020	**7,821,190**	**742,954**	**1,331,295**	**9,895,439**

The notes form part of the financial statements.

Statement of cash flows
for the year ended 31 December 2020

	2020	2019
	£	£
Profit for the financial year	**1,866,688**	**2,240,337**
Adjustments for		
Depreciation	**546,374**	**547,966**
Amortisation	**1,234,625**	**862,929**
Financial income	**(1,741)**	**(15,389)**
Financial expense	**106,274**	**11,555**
Taxation	**268,642**	**210,140**
Operating profit before charge in working capital and provisions	**4,020,862**	**3,857,538**
Increase in trade and other receivables	**(1,312,140)**	**(9,063,968)**
Increase in trade and other payables	**788,596**	**5,118,813**
Interest paid	**(106,274)**	**(11,555)**
Other working capital adjustment	**-**	**528,244**
Cash inflow from operating activities	**3,391,044**	**429,072**
Cash flows from investing activities		
Interest received	**1,741**	**15,389**
Acquisition of property, plant and equipment	**(361,649)**	**-**
Acquisition of intangible assets	**(178,031)**	**(444,959)**
Cash outflow from investing activities	**(537,939)**	**(429,570)**
Net increase / (decrease) in cash and cash equivalents	**2,853,105**	**(498)**
Cash and cash equivalents at beginning of year	**632,201**	**632,699**
Cash and cash equivalents at end of year	**3,485,306**	**632,201**

The notes form part of the financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Corporate Information

The financial statements of Platform Securities Services Limited for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors. The company is a limited company incorporated and domiciled in England. The registered office is located at 25 Canada Square, London, E14 5LQ.

The principal activities of the company are described in the Directors' Report. Information on its ultimate parent is presented in Note 14.

Basis of preparation

The financial statements have been prepared on a historical cost basis. The financial statements are presented in sterling and all values are rounded to the nearest pound (£), except when otherwise indicated.

The company financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"). The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company meets its day-to-day working capital requirements from its own cash at bank and from ongoing financial support from Platform Services Holdings Limited, its parent undertaking.

The directors have prepared cash flow forecasts for a period to 31 December 2022 which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period, through funding from its parent company, Platform Securities Holdings Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Platform Securities Holdings Limited providing additional financial support during that period. Platform Securities Holdings Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Changes to significant accounting policies

No new standards and interpretations were adopted in 2020 that were mandatory for the year ended 31 December 2020.

Summary of significant accounting policies

The following are the significant accounting policies applied by the company in preparing its financial statements:

Equity

Equity is made up of share capital, reserves and cumulative profit and loss.

Notes *(continued)*

1 Accounting policies *(continued)*

Basis of preparation *(continued)*

Financial instruments — subsequent measurement

Financial assets:

The company's financial assets include cash and short-term deposits, trade and other receivables and non-current assets of property, plant and equipment, intangible assets and deferred taxation.

Trade and other receivables

Trade and other receivables are stated at their cost less impairment provisions that have been calculated using an expected credit loss forecast. The company has utilised a provision matrix as a practical expedient to measure expected credit losses on its portfolio of trade receivables to which its customers belong.

The provision matrix has been calculated using the monthly historical data to compute the historical observed default rates. These are determined computing the historical flow rate of trade receivables, based on their aging and arriving at an average loss rate.

The flow rate indicates the percentage of trade receivables in an aging bracket that have not been collected during the month and have therefore moved into the next aging bracket. These average flow rates are then used to determine the credit loss rate (determined as a product of the average flow rates for the applicable aging brackets) to be applied to the trade receivables as of 31 December 2020. A forward-looking element has been factored in to predict future credit risk worthiness of clients. Management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customers operate.

Prepayments

Prepayments relate to payment made for goods or services to be received in the near future. Carrying value is considered to be the fair value of the asset.

Other current financial assets

Other current financial assets contains income accrued for services provided but not yet invoiced.

Cash

Cash referred to in the cash flow statement comprises cash on instant access.

Financial liabilities

Initial recognition and measurement

The company's financial liabilities include trade and other payables, other current financial-liabilities and provisions.

Other current financial liabilities consist of intercompany balances with Platform Securities LLP.

Notes *(continued)*

1 Accounting policies *(continued)*

Basis of preparation *(continued)*

Accrued expenses

Accrued expenses include expenses accrued for services or goods received but not yet invoiced.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue represents fees and commissions receivable for execution only stock broking activities and is recognised on an accrual basis.

Management charges

The company provides services to Platform Securities LLP in the form of resources, office space and technology systems to enable Platform Securities LLP to conduct the provision of stockbroking software, related outsourcing services and stockbroking. These charges are offset against the associated costs within cost of sales.

Current taxation

Current tax and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those enacted or substantively enacted by the statement of financial position date.

Deferred taxation

Deferred tax is recognised on temporary differences (other than temporary differences associated with unremitted earnings from foreign subsidiaries and associates to the extent that the investment is essentially permanent in duration, or temporary differences associated with the initial recognition of goodwill) arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

Current and deferred tax relating to items recognised directly in equity is also recognised in equity and not in the income statement.

Notes *(continued)*

1 Accounting policies *(continued)*

Basis of preparation *(continued)*

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs include the cost of replacing major parts of the property, plant and equipment. All other repairs and maintenance costs are recognised in the income statement as incurred.

Depreciation is provided on property, plant and equipment so as to write off the cost, less any estimated residual value, over their expected useful economic life. Property, plant and equipment are tangible items that:

(a) are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and

(b) are expected to be used during more than one period.

The nature of assets held includes leasehold improvements, fixtures and fittings and computer software & equipment.

Depreciation is provided on tangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Computer equipment	33.33% straight line basis
Office Equipment	20% straight line basis
Leasehold improvements	7 years or to the next break clause in the lease, whichever is less

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate and there is an indication of a significant change since the last reporting date.

Intangible assets

Internally developed software is stated at cost less amortisation and provisions for impairment, if any. Individual projects are recognised as an intangible asset when the company can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Computer software 20% straight line basis

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Notes *(continued)*

2 Revenues

Revenue represents amounts invoiced, net of value added tax, in respect of management of stockbroking software and related services. Included in turnover is £21,248,535 *(2019: £18,130,000)* relating to a charge to Platform Securities LLP for rechargeable costs to clients. All turnover is derived from operations in the United Kingdom.

Disaggregation of revenue

The company derives all of its revenue from the transfer of services over time and does not segment its revenue. The following tables disaggregates revenue by type of service. The table has been restated for prior year to reflect the nature of the services provided.

		*Restated**
Type of Service	**31 Dec 20**	31 Dec 19
	£	£
Management services	**21,511,907**	18,875,287
Total	**21,511,907**	18,875,287

**Restated – refer to Note 17*

The following table provides information about receivables, contract assets and contract liabilities with customers:

	2020	2019
	£	£
Receivables which are included in trade and other receivables (note 9)	**283,629**	214,779
Contract assets	**83,600**	108,875
Contract liabilities	**74,911**	78,301

3 Notes to the profit and loss account

	2020	2019
	£	£
Profit before taxation is stated after charging:		
Depreciation of owned tangible fixed assets	**546,374**	547,966
Amortisation of Intangibles	**1,234,625**	862,929
Auditor's remuneration		
Audit of these financial statements	**57,464**	30,800
Other audit related services	**47,500**	84,098
Total auditor's remuneration	**104,964**	114,898

Notes *(continued)*

4 Directors' and employees' costs

The average number of persons contractually employed by the company (including directors) during the year was as follows:

	Number of employees	
	2020	2019
Operational and administration	**195**	190

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	**7,514,538**	6,680,532
Social security	**830,225**	684,021
Other pension costs	**659,228**	556,244
Share based payments transaction	**31,558**	23,633
	9,035,549	7,944,430

The directors' emoluments for the period are as follows:

	2020	2019
	£	£
Directors' emoluments and key management personnel	**678,425**	570,986
Company contributions to money purchase pension schemes	**35,519**	29,062

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £304,952 *(2019: £278,385)*, and company pension contributions of £10,000 *(2019: £10,000)* were made to a money purchase scheme on his behalf. During the prior period, the highest paid director did not exercise share options and did not receive shares under a long-term incentive scheme.

Retirement benefits are accruing to the following number of directors under:

	2020	2019
	£	£
Money purchase schemes	**3**	3

Notes *(continued)*

5 Taxation

	2020	2019
	£	£
UK corporation tax		
Current tax	**-**	-
Total current tax	**-**	-
Deferred tax		
Current period	**(397,967)**	**(185,227)**
Adjustment in respect of prior period	**129,325**	**(24,913)**
Reduction in deferred tax asset due to corporation tax rate charge	**-**	-
Total tax (charge) / credit	**(268,642)**	**(210,140)**

	2020	2019
	£	£
Reconciliation of tax		
Profit/(loss) after taxation	**1,866,688**	2,240,337
Total tax charge / (credit)	**268,642**	210,140
Profit for the financial year	**2,135,330**	2,450,477
UK corporation tax at 19% *(2019: 19%)*	**(405,713)**	(465,591)
Non-deductible expenses	**(2,811)**	(14,403)
Movement in accelerated capital allowances	**(8,019)**	40,695
Research and development adjustments	**(3,298)**	(41,552)
Short term timing differences	**21,874**	(2,471)
Effects of tax rate charges	**0**	26,579
Adjustment in respect of the prior year	**129,325**	246,603
Total tax (charge) / credit	**(268,642)**	(210,140)

Factors that may affect future current and total tax charges

An increase in the UK corporation tax rate from 17% to 19% (effective from 1 April 2020) was substantively enacted on 17 March 2020, and the UK deferred tax asset as at 31 December 2020 has been calculated based on this rate. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge.

Notes *(continued)*

6 Property plant and equipment

	Computer equipment £	Office equipment £	Leasehold improvement £	Total £
Cost				
At 1 January 2020	2,928,867	53,050	314,567	3,296,484
Additions	361,649	-	-	361,649
Retirements	(45,220)	-	-	(45,220)
At 31 December 2020	3,245,296	53,050	314,567	3,612,913
Depreciation				
At 1 January 2020	1,761,931	50,690	268,172	2,080,793
Charge for the year	509,273	641	36,460	546,374
Retirements	45,220	-	-	45,220
At 31 December 2020	2,225,984	51,331	304,632	2,581,947
Net book value				
At 31 December 2020	**1,019,312**	**1,719**	**9,935**	**1,030,966**
At 31 December 2019	1,166,936	2,360	46,395	1,215,691

7 Intangible assets – Internally developed software

	Total £
At 1 January 2020	3,781,578
Additions	178,031
Retirements	(368,813)
At 31 December 2020	3,590,796
Amortisation	
At 1 January 2020	1,352,233
Charge for the year	1,234,625
Retirements	(368,813)
At 31 December 2020	2,218,045
Net book value	
At 31 December 2020	**1,372,751**
At 31 December 2019	2,429,345

Notes *(continued)*

8 Deferred tax

Recognised deferred tax assets

Deferred tax is attributable to the following:

	Assets	
	2020	2019
	£	£
Tax losses carried forward	-	-
Accelerated capital allowances	**548,218**	540,199
Short term timing differences	**(283,051)**	(6,390)
	265,167	533,809

Movement in deferred tax balances during the year

	At beginning of year	Recognised in profit or loss	**At end of year**
	£	£	**£**
Tax losses carried forward	-	-	-
Accelerated capital allowances	540,199	8,019	548,218
Short term timing differences	(6,390)	(276,661)	(283,051)
	533,809	(268,642)	265,167

Management consider deferred tax assets to be fully recoverable against expected future profits.

Movement in deferred tax balances during the prior year

	At beginning of year	Recognised in profit or loss	At end of year
	£	£	£
Tax losses carried forward	247,573	(247,573)	-
Accelerated capital allowances	499,504	40,695	540,199
Short term timing differences	(3,128)	(3,262)	(6,390)
	743,949	(210,140)	533,809

9 Trade and other receivables

	2020	2019
	£	£
Trade debtors	**283,629**	309,508
Amounts owed by group undertakings	**12,762,110**	10,838,942
Other debtors	**40,939**	514,193
Prepayments	**265,215**	451,847
Accrued income	-	-
Deferred income	**250,507**	175,770
	13,602,400	12,290,260

Notes *(continued)*

10 Cash and short-term deposits

	2020	2019
	£	£
Cash and short-term deposits	**3,485,306**	632,201

11 Trade and other payables

	2020	2019
	£	£
Trade payables	**162,227**	25,473
Amounts due to group undertakings	**6,566,260**	6,793,628
Other accrued expenses	**2,976,520**	2,012,888
Other payables	**156,144**	240,566
	9,861,151	9,072,555

Trade creditors are non-interest bearing and normally settled within 30 days of invoice date.

Amounts due to group undertakings are non-interest bearing, unsecured and are repayable on demand.

12 Called up share capital

	2020	2019
	£	£
Allocated, called up and fully paid		
Equity		
7,821,190 ordinary shares of £1 each	**7,821,190**	7,821,190
	7,821,190	7,821,190

Shares carry equal voting rights as set out in the Articles of Association.

13 Pension commitments

The company operates a defined contribution pension scheme. The pension charge for the year represents contributions payable by the company to the scheme and amounted to £659,228 *(2019: £556,244)*.

There were outstanding contributions of £88,331*(2019: £nil)* at the end of the financial year.

Notes *(continued)*

14 Ultimate holding company

The company's immediate parent undertaking is Platform Securities Holdings Limited.

The ultimate parent undertaking and controlling party at 31 December 2020 was Fidelity National Information Services Inc, a company incorporated in USA. Copies of the financial statements may be obtained from:

Fidelity National Information Services Inc
601 Riverside Avenue
Jacksonville, Florida 32204
United States of America

15 Related party disclosures

Transactions between the company and its fellow group companies are summarised below:

	Sale of services		**Amounts owed to related parties**		**Amounts owed from related parties**	
	2020	2019	**2020**	2019	**2020**	2019
	£000	£000	**£000**	£000	**£000**	£000
Platform Securities LLP	**21,248**	18,130	**5,400**	6,497	**12,320**	10,703
Platform Securities Holdings Limited	**-**	-	**-**	-	**4**	4
Platform Securities International Limited	**-**	-	**79**	2	**243**	201
FIS Payments (UK) Limited	**-**	-	**-**	112	**41**	3
FIS Business Systems LLC	**-**	-		25	**-**	(23)
FIS Capital Markets US LLC	**-**	-	**12**	-	**-**	-
Fidelity National Information Services, Inc.	**-**	-	**558**	-	**(4)**	(92)
Fidelity Information Services Limited	**-**	-	**244**	-	**100**	43
Fidelity National Information Services, Inc.	**-**	-		158	**-**	-
FIS Capital Markets UK Limited	**-**	-	**240**	-	**58**	-
FIS Brokerage & Securities Services LLC	**-**	-	**23**	-	**-**	-
FIS Management Services, LLC	**-**	-	**10**	-	**-**	-
	21,248	18,130	**6,566**	6,794	**12,762**	10,839

The above-mentioned balances arose from the ordinary course of business. Outstanding balances at the statement of financial position are unsecured. There have been no guarantees provided or received from any related party receivables or payables.

Notes *(continued)*

16 Financial risk management objectives and policies

The risks and uncertainties of Platform Securities Services Limited were reviewed during the preparation of the ICAAP for Platform Securities Services Limited and continue to be monitored. The key risks were identified as market and operational risk. These are not perceived to impact on the group capital adequacy requirements of the business.

Significant stress tests are incorporated in the ICAAP including worst-case scenarios. Adequate capital is in place to cover events such as a severe market downturn and in addition to market and operational risk, credit and interest rate risk i.e. 0.5% interest rate movement has been considered.

Fidelity National Information Services Inc. (Georgia) have indicated their financial support for Platform Securities Holdings Limited and its fellow subsidiaries as required for working capital and regulatory capital, with specific regard to the group continuing as a going concern.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily for trade receivables) and acting as a service company on behalf of Platform Securities LLP.

The company is exposed to credit risks on its partner services. The company ensures that full due diligence is carried out on all new counterparties and that they are regularly monitored. The risk is deemed to be immaterial in value to the company.

Liquidity risk

Liquidity risk is monitored and controlled via the policies, processes and procedures as described in the Liquidity Policy, and affects the cash assets held on the statement of financial position. The Liquidity policy also defines the internal liquidity restrictions for the placement of cash. The primary liquidity risks are the payment of services provided by the company to Platform Securities LLP and the timely payment of the services provided to partners. These are mitigated through daily cash flow monitoring and credit control.

Interest rate risk

Interest rate risk arises where interest yield is below Bank of England base rate. An assessment of the interest rate risk is performed by Treasury Department and any issue presented and discussed within Treasury Committee. Interest rate risk is considered to be immaterial given low income and expense.

Capital

The company is part of the Platform Securities sub-group (Platform Securities Holdings Limited and its subsidiaries) with Platform Securities LLP classified as a €125,000 limited licence IFPRU firm for the purposes of the Capital Requirements Directive ('CRD'). Capital is derived from share capital and reserves whilst its requirement is determined by its fixed cost base. As part of the sub-group including an FCA regulated firm, it has regulatory capital requirements managed through the ICAAP and reviewed monthly by the ICAAP committee. Regulatory capital is managed by monitoring fixed overhead requirements against Pillar 2 risks. These risks include credit and operational risk which are calculated and reported to the ICAAP committee monthly. The firm is meeting its objectives of managing capital in line with the monitoring of risk appetite within the ICAAP.

The primary objectives of the company's capital management policies are to ensure that it complies with its capital requirements as imposed by the ICAAP and that as part of the sub-group it contributes towards maintaining healthy capital ratios in order to support the business. The company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities.

Current approved ICAAP has highlighted a shortage of capital if all stress tests in aggregate occurred at the same time. Management has considered and have planned for a capital injection into the sub-group based on the impact on capital of the worst-case individual stress test.

Notes *(continued)*

17 Prior year adjustment

During the current year the Directors have identified that a portion of the management re-charge revenue in relation to services provided to Platform Securities LLP had been presented net against the cost of goods sold and administrative expenses associated with those services. The Directors have concluded that the management re-charge and expenses should have been presented gross and have therefore restated the prior year numbers as detailed in the table below. There was no impact to profit for the year, net assets, or tax.

	As previously reported	Adjustments for the year to 31 December 2019	As restated
	£	£	£
Revenues	7,482,271	11,393,016	18,875,287
Cost of sales	(789,111)	(3,723,672)	(4,512,783)
Gross profit	6,693,160	7,669,344	14,362,504
Administrative expenses	(4,246,517)	(7,669,344)	(11,915,861)
Operating profit	2,446,643	-	2,446,643