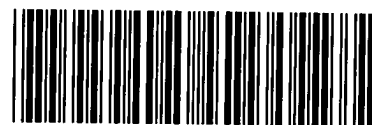


Company Registration No. 05942721 (England and Wales)

DOVETAIL SYSTEMS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

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DOVETAIL SYSTEMS LIMITED

COMPANY INFORMATION

Directors	Erich Janzen Ali Baninajar Stuart Forgan
Company number	05942721
Registered office	Janus House Endeavour Drive Basildon Essex SS14 3WF
Auditor	RSM UK Audit LLP Chartered Accountants Davidson House Forbury Square Reading Berkshire RG1 3EU

DOVETAIL SYSTEMS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

The principal activity of the company is the design, development, installation and support of enterprise software for the processing of wholesale payments and other transactions and associated information flows for operations of global, regional and domestic banks.

The results and financial position of the company are as shown in the financial statements. Revenue for the year was £13.9m, a 33% decrease on 2020 (2020: £20.7m, a 7% increase on 2019). Operating costs for the year decreased to £16.0m (2020: £19.7m), resulting in an operating loss for the year of £2.1m (2020: profit £0.9m). Gross margin for the year was 18% (2020: 34%).

Principal risks and uncertainties

The company operates in a competitive industry where the largest single source of competition is from proprietary systems used by potential customers. There is also significant competition from other providers of software and related services. As a result, the future success of the company will continue to depend on its ability to provide new product enhancements that meet the needs of the marketplace and respond to changes in customer demands and new regulatory requirements.

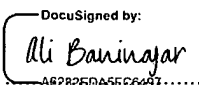
The company continues to build a strong recurring revenue base from annual maintenance fees, although it is difficult to predict when large deals will be implemented and initial license fees will be won. Both revenue and order backlog are expected to continue to grow strongly, but will reflect unevenness in timing of large wins.

Key performance indicators

The directors review both financial and non financial key performance indicators to measure performance of the company by reference to budgets and forecasts. Growth in overall revenue, software revenue, sales order backlog, gross margins and cash projections are the financial KPIs used by the company. The non financial KPIs used by the company relate to employee numbers, which are monitored against hiring plan and measurement of staff utilisation.

- Overall revenue decreased by 33% from £20.7m in 2020 to £13.9m in 2021.
- License revenue decreased by 75% from £3.2m in 2020 to £0.8m in 2021.
- Gross profit margin decreased from 34% in 2020 to 18% in 2021.

On behalf of the board

DocuSigned by:

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Ali Baninajar
Director

Date: 21 December 2022

DOVETAIL SYSTEMS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of the provision of computer software and related services.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Erich Janzen	
Richard Waller	(Resigned 30 September 2022)
Ali Baninajar	(Appointed 30 September 2022)
Stuart Forgan	(Appointed 30 September 2022)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Financial instruments

Liquidity risk

The directors seek to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The directors consider that the company has sufficient loan facilities with its bankers and review cash flow forecasts to monitor liquidity.

Future developments

The directors believe the company must continue to focus on revenue growth and show an increasing proportion of software licensing from new product enhancements to meet the needs of new clients.

Auditor

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

DOVETAIL SYSTEMS LIMITED

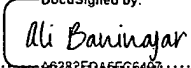
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Going concern

The financial statements have been prepared on the going concern basis as the company's ultimate parent company, Fiserv Inc., has provided written confirmation of their willingness to provide continued financial support to the company for the foreseeable future, defined as at least 12 months from the date of signing the Dovetail Systems Limited financial statements for the year ended 31 December 2021. Fiserv Inc. is considered to have sufficient resources to provide support, if needed, to the company. On this basis, the directors consider it appropriate to prepare these financial statements on the going concern basis.

On behalf of the board

DocuSigned by:

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Ali Baninajar
Director

Date: 21 December 2022

DOVETAIL SYSTEMS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Strategic Report and 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 accounting estimates that are reasonable and prudent;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOVETAIL SYSTEMS LIMITED

Opinion

We have audited the financial statements of Dovetail Systems Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOVETAIL SYSTEMS LIMITED (CONTINUED)

Matters on which we are required to report by exception

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 material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities 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, 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.

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOVETAIL SYSTEMS LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls and revenue recognition cut off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing deemed high risk journal entries and other adjustments to revenue outside of the normal course of business, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and reviewing a sample of transactions either side of the year end to ensure that revenue had been recognised in the correct accounting period.

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

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.

RSM UK Audit LLP

Neil Mellor (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Davidson House
Forbury Square
Reading
Berkshire, RG1 3EU
22 December 2022

DOVETAIL SYSTEMS LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	2021 £	2020 £
Turnover	3	13,944,092	20,665,516
Cost of sales		(11,352,765)	(13,704,626)
Gross profit		<u>2,591,327</u>	<u>6,960,890</u>
Administrative expenses		(4,721,790)	(6,019,145)
Operating (loss)/profit	7	<u>(2,130,463)</u>	<u>941,745</u>
Interest receivable and similar income	8	2,144	19,093
(Loss)/profit before taxation		<u>(2,128,319)</u>	<u>960,838</u>
Tax on (loss)/profit	9	-	-
(Loss)/profit for the financial year		<u><u>(2,128,319)</u></u>	<u><u>960,838</u></u>

Company Registration No. 05942721

DOVETAIL SYSTEMS LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	10		3,591		5,506
Tangible assets	11		139,984		214,919
			<u>143,575</u>		<u>220,425</u>
Current assets					
Debtors	12	7,250,192		12,306,586	
Cash at bank and in hand		1,039,533		1,274,365	
		<u>8,289,725</u>		<u>13,580,951</u>	
Creditors: amounts falling due within one year	13	(5,768,559)		(9,069,096)	
Net current assets			<u>2,521,166</u>		<u>4,511,855</u>
Total assets less current liabilities			<u>2,664,741</u>		<u>4,732,280</u>
Capital and reserves					
Called up share capital	15		1		1
Profit and loss reserves	16		2,664,740		4,732,279
Total equity			<u>2,664,741</u>		<u>4,732,280</u>

The financial statements were approved by the board of directors and authorised for issue on 21 December 2022 and are signed on its behalf by:

DocuSigned by:

 Ali Baninajar
 Director

DOVETAIL SYSTEMS LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2020		1	3,646,919	3,646,920
Year ended 31 December 2020:				
Profit and total comprehensive income for the year		-	960,838	960,838
Credit to equity for equity settled share-based payments	6	-	124,522	124,522
Balance at 31 December 2020		1	4,732,279	4,732,280
Year ended 31 December 2021:				
Loss and total comprehensive income for the year		-	(2,128,319)	(2,128,319)
Credit to equity for equity settled share-based payments	6	-	60,780	60,780
Balance at 31 December 2021		1	2,664,740	2,664,741

DOVETAIL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Dovetail Systems Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Janus House, Endeavour Drive, Basildon, Essex, SS14 3WF.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Dovetail Systems Limited is a wholly owned subsidiary of Fiserv Inc., a NASDAQ listed company. The results of Dovetail Systems Limited are included in the consolidated financial statements of Fiserv Inc. which are available from 255 Fiserv Drive, Brookfield, WI 53008-0979, United States of America and from the Fiserv company website.

Going concern

The financial statements have been prepared on the going concern basis as the company's ultimate parent company, Fiserv Inc., has provided written confirmation of their willingness to provide continued financial support to the company for the foreseeable future, defined as at least 12 months from the date of signing the Dovetail Systems Limited financial statements for the year ended 31 December 2021. Fiserv Inc. is considered to have sufficient resources to provide support, if needed, to the company. On this basis, the directors consider it appropriate to prepare these financial statements on the going concern basis.

DOVETAIL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measure reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Maintenance income is recognised evenly over the term of the maintenance contract.

Licence fee income is recognised on delivery unless there is significant associated professional services such that the licence cannot be separately used in which case revenue is recognised either on a percentage completion basis or rateably depending upon the nature of the contract.

Fee income from professional services is recognised over the period in which the service is provided.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost, less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Software	5 years straight line
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Tangible fixed assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	3 to 8 years straight line
Computers	3 to 5 years straight line

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

DOVETAIL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs.

DOVETAIL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

DOVETAIL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

DOVETAIL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition

Revenue recognition makes use of percentage completion contract accounting to record revenues over the development and implementation period, with the percentage of completion generally measured by the percentage of labour hours incurred to date to estimated total labour hours for each contract.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Recoverability of group balances

Estimates are made relating to the recoverability of intercompany debtor balances to reflect unrecoverable amounts due to known defaults and defaults incurred but not reported at the year end. The directors consider the solvency and future trading forecasts of subsidiaries to determine whether the group company balances are impaired. The directors have assessed that no provision against intercompany balances outstanding at the reporting date is required (2020: £nil)

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Professional services income	8,758,486	13,197,732
Maintenance income	4,393,721	4,247,905
License fee income	791,885	3,163,558
Travel income	-	56,321
	<u>13,944,092</u>	<u>20,665,516</u>
	2021 £	2020 £
Other revenue		
Interest income	<u>2,144</u>	<u>19,093</u>

DOVETAIL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue (Continued)

	2021 £	2020 £
Turnover analysed by geographical market		
UK	63,862	237,145
Europe	13,307,880	19,259,980
Other	572,350	1,168,391
	<u>13,944,092</u>	<u>20,665,516</u>

License income, included within professional services income, is recognised on the same basis as the associated services for that license are provided (as they are deemed essential), i.e in accordance with the stage of completion of the contract.

4 Employees

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

	2021 Number	2020 Number
Management	6	6
Administration	72	82
Total	<u>78</u>	<u>88</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	8,072,285	8,251,962
Social security costs	1,070,755	1,058,336
Pension costs	503,649	535,474
Share based payments	60,779	124,522
	<u>9,707,468</u>	<u>9,970,294</u>

5 Directors' remuneration

In the current and prior period the directors were remunerated through other group companies, therefore no director who held office during the current or preceding financial year received any emoluments directly from the company.

DOVETAIL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

6 Share-based payment transactions

The company utilised 3 types of share-based payment in the year: a savings-related share option scheme; an equity-settled share option scheme and a Restricted Stock scheme (RS). At the year end all options and awards are granted over the common share capital of the company's ultimate parent, Fiserv Inc.

Save As You Earn scheme

The company maintains an employee stock purchase plan that allows eligible employees to purchase shares through payroll deductions. All eligible employees can contribute between £5 and £500 per month into a plan. There is a three year vesting period and the options are exercisable at the end of the period. Options are granted in respect of the parent company and are exercisable at a price equal to the average market price of the shares on the date of the grant. The holder of this option can choose to purchase shares or have their contributions returned plus any interest earned and bonuses.

Options are forfeited if the employee leaves the company before the options vest. The employee has six months to exercise an option after the end of the vesting period.

Equity settled share option scheme

The company operates a share option plan for selected employees. Options are granted in respect of the shares of the parent company and are exercisable at a price equal to the average market price of the company's shares on the date of grant. The options are settled in equity of the parent company once exercised.

The options vest one third annually over a three year period and expire if they remain unexercised after a ten year period. Options are forfeited if the employee leaves the company before the options vest.

Restricted stock scheme

The company also operates a restricted stock scheme. Shares are granted at an exercise price of £nil and vest one third annually over a three year period, starting one year after the grant. The shares under this scheme are measured at fair value at the date of issue and carry no entitlement to a dividend.

The company recognises the share-based payment expense for restricted stock units based on the market price of the parent company's shares on the date of award over the period during which the awards vest. These shares carry no entitlement to dividends.

The company did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

7 Operating (loss)/profit

	2021	2020
	£	£
Operating (loss)/profit for the year is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	528,777	129,805
Fees payable to the company's auditor for the audit of the company's financial statements	32,500	29,500
Depreciation of owned tangible fixed assets	87,607	154,144
Amortisation of intangible assets	1,915	1,915
Share-based payments	60,780	124,522
Operating lease charges	-	401,988
	<u> </u>	<u> </u>

DOVETAIL SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2021****8 Interest receivable and similar income**

	2021 £	2020 £
Interest income		
Interest receivable from group companies	2,144	19,093

9 Taxation

The total tax charge for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	2021 £	2020 £
(Loss)/profit before taxation	(2,128,319)	960,838
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(404,381)	182,559
Tax effect of expenses that are not deductible in determining taxable profit	11,758	1,011
Change in unrecognised deferred tax assets	(5,725)	(183,570)
Group relief	398,348	-
Taxation charge for the year	-	-

The UK Government announced on 3 March 2021 (and enacted on 10 June 2021) that the main UK corporation tax rate would increase from 19% to 25% from 1 April 2023. Following the change in tax rates deferred tax balances will instead reverse at 25%.

At 31 December 2021 the company had £435,172 (2020: £ 131,118) of unrecognised deferred tax assets.

DOVETAIL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Intangible fixed assets

	Software £
Cost	
At 1 January 2021 and 31 December 2021	9,575
Amortisation and impairment	
At 1 January 2021	4,069
Amortisation charged for the year	1,915
At 31 December 2021	5,984
Carrying amount	
At 31 December 2021	3,591
At 31 December 2020	5,506

Amortisation charges are recorded in administrative expenses in the statement of comprehensive income.

11 Tangible fixed assets

	Fixtures and fittings £	Computers £	Total £
Cost			
At 1 January 2021	168,817	512,318	681,135
Additions	-	12,672	12,672
Disposals	(144,506)	(110,569)	(255,075)
At 31 December 2021	24,311	414,421	438,732
Depreciation and impairment			
At 1 January 2021	152,727	313,489	466,216
Depreciation charged in the year	3,039	84,568	87,607
Eliminated in respect of disposals	(144,506)	(110,569)	(255,075)
At 31 December 2021	11,260	287,488	298,748
Carrying amount			
At 31 December 2021	13,051	126,933	139,984
At 31 December 2020	16,090	198,829	214,919

Depreciation charges are recorded in administrative expenses in the statement of comprehensive income.

DOVETAIL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	2,264,584	4,624,498
Amounts owed by group undertakings	4,160,470	5,500,502
Other debtors	61,618	74,334
Prepayments and accrued income	763,520	2,107,252
	<u>7,250,192</u>	<u>12,306,586</u>

Included within amounts owed by group undertakings is a promissory loan note receivable of £3,200,000 with an interest rate of 1.34% which was issued under the terms of a revolving credit agreement and is repayable within 12 months of the current period end unless the agreement is renewed for a further 12 months.

13 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	76,932	50,331
Amounts owed to group undertakings	955,292	4,228,063
Taxation and social security	313,151	348,762
Other creditors	246,985	133,542
Accruals and deferred income	4,176,199	4,308,398
	<u>5,768,559</u>	<u>9,069,096</u>

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand.

14 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>503,649</u>	<u>535,474</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end the company had accrued for outstanding contributions of £62,351 (2020: £85,289).

15 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary share of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Ordinary shares have full voting, dividend and capital distribution rights (including on winding up). They do not confer any rights of redemption.

DOVETAIL SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

16 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

17 Ultimate controlling party

The immediate parent undertaking is Checkfree Solutions Limited, a company incorporated in England and Wales (registered office: Janus House, Endeavour Drive, Basildon, Essex, England, SS14 3WF).

The ultimate parent company is Fiserv Inc. a company incorporated in the United States of America (registered office: 255 Fiserv Drive, Brookfield, WI 53008-0979, United States of America). Fiserv Inc. heads both the smallest and largest group undertakings for which group accounts including Dovetail Systems Limited are prepared. Copies of the financial statements of Fiserv Inc. are available from its registered office.

The directors do not consider there to be one ultimate controlling party of the ultimate parent company, Fiserv Inc.