DTCC Solutions (UK) Limited (formally known as DTCC TBD Limited)

Annual report and financial statements for the 18 month period ended 31 December 2020

Registered number: 06169558

DTCC SOLUTIONS (UK) LIMITED (FORMERLY KNOWN AS DTCC TBD LIMITED)
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DIRECTORS:	Christopher Mark Childs Mark Steadman Valentino Wotton
COMPANY SECRETARY:	Annette Nichols
REGISTERED OFFICE:	Broadgate Quarter One Snowden Street London, England EC2A 2DQ
REGISTERED NUMBER:	06169558 (England and Wales)
AUDITOR:	Deloitte LLP Statutory Auditor London, United Kingdom

The Directors, in preparing the strategic report, have complied with s414C of the Companies Act 2006.

This strategic report has been prepared for DTCC Solutions (UK) Limited (formerly known as DTCC TBD Limited) ("Solutions UK" or the "Company") as a whole and therefore gives greater emphasis to those matters that are significant to the Company when viewed as a whole.

The Company has changed its financial year-end from 30 June to 31 December and this is the first financial reporting period adopting the new year-end date. Therefore, the report was prepared for the 18-month period ended 31 December 2020, whilst the prior period was for the year ended 30 June 2019.

The Company presented its annual report and financial statements for the year ended 30 June 2019 under International Financial Reporting Standards ("IFRS"). The Company elected to change its reporting to Financial Reporting Standard 101 ("FRS101") for the 18-month period ended 31 December 2020. The transition has had no material effect. For both periods, as permitted by FRS 101, the Company took advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets, certain revenue requirements of IFRS 15 and related party transactions.

Review of the business

Solutions UK is a company organised under the laws of England and Wales. The Company ceased to be a Recognised Central Counterparty on 15 April 2014 having been authorised by the Bank of England as a Recognised Clearing House until that date. As of 15 April 2014, the Company ceased to perform any further clearing services and was not engaged in any other alternative business lines making the entity non-trading. The Company remained non-trading until 13 July 2020.

From this date, the decision was made to conduct two new business lines, DTCC Report Hub and DTCC Consulting Services. Therefore, from 13 July 2020, the Company's principal activity is to provide information and data related-solutions.

DTCC Report Hub is a software solution which provides quality assurance and reconciliation tools to transform and simplify pre and post-trade reporting processes for the financial services industry. Prior to reporting trades to a DTCC registered/licensed trade repository ("TR"), the solution can translate trade data into formats required by regulators and then enrich it, configure bespoke client rules, provide jurisdiction eligibility checks, and identify errors and/or missing required data elements. After reporting, it enables a comparison of TR daily activity reports against internal systems of record providing a robust and unparalleled control and compliance framework.

DTCC Consulting Services is a new advisory service for the industry to help meet challenges and opportunities in post-trade derivatives and securities operations and technology leveraging experiences and expertise in areas adjacent to DTCC business lines and products.

As a result and in preparation for two new business lines noted above, the Company conducted the following actions during the year:

- On 25 June 2020, the Company completed a reduction of its share capital whereby the share capital standing in the books of the Company at this date was reduced by the cancellation of 6,586,207 ordinary shares of £10 each. The distributable reserves created by the reduction of capital amounted to $106,634k. The capital reduction was approved by a special resolution and supported by a solvency statement. Following the capital reduction, the issued share capital of the Company consists of remaining 1 ordinary share of £1.

- On 30 June 2020, the Directors elected to change the Company's functional currency from Euros ("EUR") to United States dollars ("USD"). The change was made as it is the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions that are relevant to the Company. The change has been implemented prospectively. In addition, the presentational currency has changed from EUR to USD effective from 30 June 2019. The change in presentation currency is a voluntary change that is accounted for retrospectively.

- On 9 July 2020, the Company's immediate and ultimate Parent, the Depository Trust and Clearing Corporation ("DTCC") sold 100% of its share capital holding in the Company to DTCC (UK) Limited. As a result, the Company became a wholly owned subsidiary of DTCC (UK) Limited whose ultimate parent undertaking is DTCC.

- On 7 December 2020, the Company announced its acquisition of the Publicis Sapient ("Sapient")'s Compliance Management Reporting System ("CMRS") platform and client contracts for cash consideration of $26,434k including transaction costs. CMRS will be integrated with DTCC Report Hub solution to create the financial industry's most comprehensive pre and post trade reporting solution.

Therefore, for the period ended 31 December 2020, the Company generated total revenue of $812k (year ended 30 June 2019: $nil). The Company anticipates revenue to grow significantly in 2021 due to the full year effect of trading as well as anticipated client growth. The loss for the period after taxation amounted to $2,247k (year ended 30 June 2019: $nil). No dividends were declared in the financial period (year ended 30 June 2019: $nil).

Key performance indicators

The Company Directors utilise key performance indicators to measure performance, development and position of the business. The key performance indicators are to report a year on year increase in revenue and number of clients. Revenue grew 100% (year ended 30 June 2019: $nil to period ended 31 December 2020: $812k) and the number of clients increased by 100%, since the Company was non-trading in 2019. Both these key performance indicators are in line with business expectations. In future years, the Company plans to expand its market share and develop the existing technology.

Principal risks and uncertainties

The Company's activities expose it to a variety of risks: counterparty risk, liquidity risk and capital management, foreign currency risk, pandemic business performance risk and vendor risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Counterparty credit risk
Counterparty risk arises from cash and cash equivalents, trade receivables and intercompany receivables from affiliate subsidiaries of DTCC.

The Company's policy is designed to limit exposure with any one financial institution. As part of its credit and risk management processes, the Company performs periodic evaluations of the relative credit standing of the financial institutions with whom it places funds. The Company generally makes deposits with financial institutions having a credit rating of at least BBB+/Baa1 or better from recognised rating agencies and that are approved via its internal credit review process. The Company also monitors the condition of the financial institutions with whom it places funds on an ongoing basis to identify any significant change in a financial institution's condition. If such a change takes place, the amounts deposited in such financial institutions may be adjusted.

Trade receivables and amounts owed by group undertakings are continually reviewed to ensure payment is received and reserved for based on the Company's allowance policies, if required. All clients undergo a thorough onboarding process before being accepted as clients. Given the creditworthiness of the Company's clients, trade receivables are not deemed to be a significant risk.

The Company does not hold any other financial assets which have been deemed impaired. There were no financial assets that would otherwise be past due or impaired whose terms have been renegotiated.

Liquidity risk and capital management

Liquidity risk is the risk that the Company is unable to meet its payment obligations when they fall due. The liquidity risk is managed by Solutions UK's ability to obtain funding, if needed, from its ultimate parent to meet short-term imbalances between available cash and payment obligations.

The Company has defined its capital as share capital, capital contribution, foreign currency reserve and accumulated losses.

On 25 June 2020, the Company completed a reduction of its share capital whereby the share capital standing in the books of the Company at this date was reduced by the cancellation of 6,586,207 ordinary shares of £10 each. The distributable reserves created by the reduction of capital amount to $106.634k. The capital reduction was approved by a special resolution and supported by a solvency statement. Following the capital reduction, the issued share capital of the Company consists of 1 ordinary share of £1.

The total capital of the Company as at 31 December 2020 and 30 June 2019 was $(1,018)k and $1,243k respectively.

Foreign currency risk

The Company operates internationally and is exposed to foreign currency risk arising from various currency exposures, primarily in respect to Pound Sterling ("GBP") and EUR. Foreign exchange risk arises in the expenses paid in foreign currency. Exchange differences are recorded in the profit and loss account. The Company does not have a formal hedging policy with respect to foreign currency exposures. The Company monitors the foreign exchange rate movements closely to ensure its exposures are minimised and clears down its foreign currency balances regularly.

Novel strain of Coronavirus (COVID-19) Risk

COVID-19 risk is the risk that the Company will be adversely affected by the pandemics impact on the Company's operations and performance. The novel coronavirus presents uncertainty and risk with respect to the Company's business performance, however given the nature to which the Company derives its revenue, there has been little negative impact on performance up until the date of these financial statements. The Company is closely monitoring the spread of COVID-19 and the potential effects on its operations and business.

Vendor Risk

Vendor risk arises when service providers, including information technology suppliers, do not perform in accordance with contractual arrangements and expectations, thereby disrupting the business. The Company manages vendor risk by utilising a risk-based approach to assess the level of due diligence associated with the evaluation of new and existing third parties. The risk is managed throughout the lifecycle of the relationship including protocols for assessing, reporting, monitoring escalating and remediating engaged third party exposures.

Sensitivity analysis

The Directors do not consider sensitivity to changes in interest rates and exchange rates to be material in the context of these financial statements because there are no material financial assets or liabilities that are sensitive to interest rates or exchange rates.

The United Kingdom's (UK) planned departure from the European Union (EU) ("Brexit")

As a result of the European Union (Withdrawal Agreement) Act 2020 gaining royal assent on the 23 January 2020 and the ratification of the agreement by the European Council on 29 January 2020, the UK has left the EU on 31 January 2020. A new trade deal between the EU and the UK was signed on the 24 December 2020 that took effect at 23:00 GMT on the 31 December 2020. This new trade agreement contained new rules for working and trading together.

The Company continues to believe there is no material impact on its operations or future financial results as the business is not directly subject to any of the new rules or cross border tariffs.

COVID-19

The outbreak of COVID-19 in many countries continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The World Health Organisation has declared COVID-19 a "Public Health Emergency of International Concern." The global impact of the outbreak continues to evolve, and as cases of the virus have continued to be identified, many countries have reacted by instituting quarantines and restrictions on travel. Such actions are creating disruption in global supply chains, and adversely impacting a number of industries. The outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19. Nevertheless, COVID-19 could have a material impact on the Company's financial statements. In addition to the factors described above, other factors either in the UK or internationally that may affect market, economic and geopolitical conditions, and thereby adversely affect the Company's business include, without limitation, economic slowdown, changes in interest rates and/or a lack of availability of credit, changes in law and/or regulation, and uncertainty regarding government and regulatory policy. At this time the Company has not experienced any impairments to the Company's assets or negative financial impacts related to COVID-19.

Section 172(1) Statement

The Directors are aware of their duty to act in the way each Director considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

a. the likely consequences of any decision in the long term;
b. the interests of the Company's employees (where applicable);
c. the need to foster the Company's business relationships with suppliers, customers and others;
d. the impact of the Company's operations on the community and the environment;
e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
f. the need to act fairly between members of the Company.

Key Stakeholders

The Company considers clients, its sole shareholder, suppliers and the community in which it serves as key stakeholders. The Company does not have any employees.

Stakeholder Engagement

As part of the Company's stakeholder engagement, the Directors are committed to effective engagement with all stakeholders. Depending on the nature of the issue in question, the relevance of each stakeholder group may differ and, as such, as part of their engagement with stakeholders, the Directors seek to understand the relative interests and priorities of each stakeholder and to have regard to these, as appropriate, in their decision-making. As Directors of a company that is a member of the DTCC group of companies (the Group), the Directors have significant resources available to them in order fulfill their duties under Section 172(1).

Decision-Making

The Directors are also senior management of the Group and are engaged with the strategic direction of not only the Group but also the Company's role in effectuating such strategy. The Directors have the ability to influence Group capital decisions such as capital infusions and dividends that impact the Company's ability to carry out its business. In making decisions, the Directors engages with stakeholders and consider relevant information from across the Group and the Company to help it understand the impact of its operations and the interests and views of our key stakeholders. It also reviews financial and operational performance, as well as information covering areas such as key risks and legal and regulatory compliance as appropriate. Key decisions the Directors make include pricing considerations, new product initiatives, and governance requirements. The Directors abide by and apply the Group's code of conduct in its decision-making responsibilities. The Group is viewed as a high-reputable, trusted partner of clients, regulators, employees, and communities. The Directors believe the Group's code of conduct and tone at the top provide the Company with the proper culture to maintain a reputation for high standards of business conduct.

Shareholder

Delivering for the Company's sole shareholder ensures the business continues to be successful in the long term and can therefore continue to deliver for all the Company's stakeholders. In 2020, the Board approved the Company's annual report and financial statements for the year-ended 30 June 2019; approved the change in the Company's name; approved the share capital reduction and sale of shares to DTCC (UK) Limited as described in the business review section; approved the acquisition of CMRS from Sapient; and was also involved with strategic initiatives, decision-making, and trading performance at the Group and Company level.

Business Relationships

Clients are central to the business. The Directors, as Group senior management, are actively engaged in client outreach and meet with clients regularly to determine the needs of the clients and the performance of the Company. The Directors conduct regular product road shows in the key European jurisdictions supported by a full program of client outreach meetings led by the Group's Relationship Management team. The Directors ensure the Company's clients are included in the Group's client surveys regarding on the client's service experience. The Directors understand the competitive landscape of the Company and the wider Group and influence projects that address the Company's clients concerns, expectations and activity, as needed. In 2018, the Group undertook a significant, long-term initiative to improve the client experience based on client feedback, including those of the Company. The Directors ensured the Company's clients will benefit from a series of client experience improvements including onboarding, help desk support, and billing.

Suppliers

The Company practices responsible procurement. The Company values all of its suppliers and maintains open communication with them to ensure such suppliers remain compliant with applicable law and any internal Company requirements. The Company also ensures that all suppliers are paid in accordance with the agreed upon payment terms.

Building Communities

Supporting communities in which the Company operates is a core value of the Group and is reflected in the Group's strategic sponsorship and partnerships, it's thought leadership activities and its corporate social responsibility efforts around the globe.

Future developments

The future developments of the Company are described in the Review of the business, above.

Going concern

The ultimate parent company has committed to make available financial resources to the Company for the next 12 months from the date of these financial statements ensuring that the Company has adequate financial resources to pay its liabilities as and when they become due. Based upon this factor, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. With regards to COVID-19 and its potential impact on the global markets and the Company, the Directors have assessed the impact to the Company's business model and concluded the going concern basis is still appropriate.

Taking all of these factors into consideration, the Directors believe it is reasonable to assume that the Company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Approved on behalf of the Board:

DocuSigned by:
Mark Steadman
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Mark Steadman, Director
Date: 29 September 2021

General information

The Directors present their report and audited financial statements (which comprise the Statement of Comprehensive Income, Balance sheet, Statement of Changes in Equity, and the Notes to the financial statements) for the Company as at and for the 18 month period ended 31 December 2020.

Solutions UK is a wholly owned subsidiary of DTCC (UK) Limited, whose ultimate parent undertaking is DTCC.

Results and dividends

The loss for the period after taxation amounted to $2,247k (year ended 30 June 2019: $nil). The Directors do not recommend the payment of a dividend (year ended 30 June 2019: $nil).

Principal activities

Solutions UK is a company organised under the laws of England and Wales. The Company's principal activity is to provide information and data related-solutions.

Future developments and principal risks and uncertainties are disclosed in the Strategic report.

Post balance sheet events

Post balance events are disclosed in Note 14.

Directors

The Directors who served at any time during the financial period and to the date of approval of this report:

Karl Spielmann (resigned 6 March 2020)
Christopher Mark Childs (appointed 6 March 2020)
Mark Steadman (appointed 1 December 2020)
Valentino Wotton (appointed 1 December 2020)

Directors' indemnities

DTCC, of which Solutions UK is a member, has made indemnity provisions for the benefit of the Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. These provisions remain in force at the date of this report.

Statement as to disclosure of information to auditor

The Directors of the Company at the date when this report is approved confirms that:

- so far as each of the Directors is aware, there is no relevant audit information (being information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Independent auditor

Deloitte LLP has expressed their willingness to continue in office as auditor of the Company and, under Sections 485 to 488 of the Companies Act 2006, will be deemed to be re-appointed.

Approved on behalf of the Board:

DocuSigned by:
Mark Steadman
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Mark Steadman, Director
Date:29 September 2021

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of DTCC Solutions (UK) Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity and
- the related notes 1 to 14.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the

Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act: and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

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

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

- Revenue recognition in relation to the deferred revenue releases and other adjustments which manually feed the general ledger and therefore there is an inherent higher risk of misstatement due to errors in calculation or management fraud. For the samples selected we independently re-calculated the expected billing amounts based on the applicable fee rates per master agreement and agreed the results to the invoices.
- We then traced the invoices to cash received in order to gain reasonable assurance over the accuracy of revenue recorded in the financial statements. In addition to this, to address the significant risk of the deferral of revenue, we performed additional work around ensuring the recalculated fee amounts were appropriately deferred and recognised in the correct period by tracing the amounts to the ledger.
- In order to test completeness, we reconciled the billing reports to the general ledger and then selected a random sample from a reciprocal population (trade receivables) and agreed the billed amounts to invoices, cash receipts, and the general ledger. We also considered any potential fraudulent characteristics in relation to revenue journals as part of our journal entry testing to ensure there was no indication of management bias.

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and other regulatory authorities; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

Fiona Walker

Fiona Walker FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
Date: 29 September 2021

STATEMENT OF COMPREHENSIVE INCOME

For the 18 month period ended 31 December 2020

	Notes	Period Ended 31 December 2020 $000s	Year Ended 30 June 2019 $000s
Revenue	4	812	—
Administrative expenses		(3,550)	—
Operating Loss		**(2,738)**	—
Interest expense		(36)	—
Loss before taxation		**(2,774)**	—
Tax credit	7	527	—
Loss for the period / year attributable to the owner of the Company	5	**(2,247)**	—
Other comprehensive result for the period / year net of tax		—	—
Total comprehensive loss for the period / year attributable to the owner of the Company		**(2,247)**	—

Revenue and operating profit for the period ended 31 December 2020 are all derived from continuing operations. The Company was non-trading for the year ended 30 June 2019.

The accompanying notes on pages 16 to 26 are an integral part of these financial statements.

BALANCE SHEET
As at 31 December 2020

	Notes	31 December 2020 $000s	30 June 2019 $000s
Non-current assets			
Intangible assets	8	28,714	—
Total non-current assets		28,714	—
Current assets			
Trade and other receivables	9	1,419	1,243
Taxes receivable		527	—
Cash at bank and in hand		230	—
Total current assets		2,176	1,243
Total assets		**30,890**	**1,243**
Current liabilities			
Trade and other payables	10	(31,908)	—
Total current liabilities		(31,908)	—
Net current (liabilities) / assets		(29,732)	1,243
Total assets less current liabilities		(1,018)	1,243
Net (liabilities) / assets		**(1,018)**	**1,243**
Equity			
Called up share capital	11	—	106,634
Capital contribution		3,840	4,589
Foreign exchange reserve		—	(2,587)
Profit and loss account		(4,858)	(107,393)
Equity attributable to owners of the Company		**(1,018)**	**1,243**

The accompanying notes on pages 16 to 26 are an integral part of these financial statements.

The financial statements of DTCC Solutions (UK) Limited (registered number 06169558) were approved by the Board of Directors and authorised for issue on 29 September 2021. They were signed on its behalf by:

DocuSigned by:
Mark Steadman
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Mark Steadman
Director

	Called up share capital $000s	Capital contribution $000s	Foreign currency reserve $000s	Profit and loss account $000s	Total equity $000s
Balance at 1 July 2018	**106,634**	**4,589**	**(2,552)**	**(107,393)**	**1,278**
Effect of change in presentational currency	—	—	(35)	—	(35)
Balance at 1 July 2019	**106,634**	**4,589**	**(2,587)**	**(107,393)**	**1,243**
Cancellation of shares (note 11)	(106,634)	—	—	106,634	—
Effect of change in presentational and functional currency	—	(749)	2,587	(1,852)	(14)
Loss and total comprehensive loss for the period	—	—	—	(2,247)	(2,247)
Balance at 31 December 2020	**—**	**3,840**	**—**	**(4,858)**	**(1,018)**

The foreign currency reserve arose as a result of the change in functional and presentational currency.

The accompanying notes on pages 16 to 26 are an integral part of these financial statements.

1. GENERAL INFORMATION

DTCC Solutions (UK) Limited (the "Company") is a company incorporated in the United Kingdom ("UK") under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is given on page one. DTCC Solutions is a wholly-owned subsidiary of DTCC (UK) Limited, whose ultimate parent undertaking is the Depository Trust and Clearing Corporation ("DTCC").

The nature of the Company's operations and its principal activities are set out in the Directors' report on pages 7 and 8.

These financial statements are presented in United States Dollars ("USD") because that is the currency of the primary economic environment in which the Company operates.

The Company has changed its financial year-end to align with the year-end of the ultimate parent company from 30 June to 31 December and this is the first financial reporting period adopting the new year-end date. Therefore, the report was prepared for the 18-month period ended 31 December 2020. As a result the comparative figures stated in the income statement, statement of changes in equity, cash flow statement and the related notes are not comparable.

These financial statements are separate financial statements. The Company does not have any subsidiaries and is itself included in the group accounts of DTCC. The group accounts of DTCC are available to the public and can be obtained as set out in Note 13.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2020 the Company has undergone transition from reporting under IFRS Standards adopted by the European Union to FRS 101 'Reduced Disclosure Framework'. This transition is not considered to have had a material effect on the financial statements.

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

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the consideration exchanged for the goods and services at the time of the initial transaction.

In addition, the Company may be required to disclose certain assets and liabilities using fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

For footnote disclosure purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are unadjusted quoted market prices for identical assets or liabilities in active markets that the entity can access at the measurement date;
- Level 2 inputs are quoted market prices for similar assets and liabilities in active markets; quoted market prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means; and

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of accounting (continued)

- Level 3 inputs are unobservable and reflect the Company's own assumptions about the estimates market participants would use pricing the asset or liability based on the best information available in the circumstances (e.g., internally derived assumptions surrounding timing and amount of expected cash flows) and reflect the Company's own assumptions about the estimates market participants would use pricing the asset or liability based on the best information available in the circumstances (e.g., internally derived assumptions surrounding timing and amount of expected cash flows).

The Company does not carry any financial asset or liability at fair value.

The Directors elected to change the Company's functional currency from Euros ("EUR") to USD effective from 30 June 2020. The change was made to reflect that USD has become the predominant currency in the company, counting for a significant part of the company's cash flow, as a result of the two new business lines. The change has been implemented with prospective effect.

The change of presentation currency from EUR to USD was effective from 30 June 2019. The change was made so that the presentational currency is consistent with the functional currency. The new accounting policy provides reliable and more relevant information because the USD balances represent the predominant underlying currency. The change in presentation currency was a voluntary accounting policy change that was accounted for retrospectively. All other accounting policies were consistent with those adopted in the annual financial report for the year ended 30 June 2019. The financial report was restated to USD using the procedures outlined below:

- Assets and liabilities in the Balance Sheet were translated into USD at the closing foreign currency rates on the relevant balance sheet dates.
- There were no items of profit or loss in the Statement of Comprehensive Income for the year ended 30 June 2019 so no translation was needed.
- The equity section of the Balance Sheet, including capital contribution, retained earnings and share capital, were translated into USD using the historical rates in place at the dates of original entries to equity.
- Currency translation effects for the comparative figures from EUR to USD were booked as translation differences in the foreign currency reserve.

Adoption of new and revised Standards

On 1 January 2020, the Company adopted all the new and revised IFRSs and IASs that are relevant to its operations. The adoption of these new/revised IFRSs and IASs did not result in changes to the Company's accounting policies and had no material effect on the disclosures or the amounts reported for the current or prior year.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic report on pages 2 to 6. The ultimate parent company has committed to make available financial resources to the Company for the next 12 months from the date of these financial statements ensuring that the Company has adequate financial resources to pay its liabilities as and when they become due. Based upon this factor, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. With regards to COVID-19 and its potential impact on the global markets and the Company, the Directors have assessed the impact to the Company's business model and concluded the going concern basis is still appropriate.

Taking all of these factors into consideration, the Directors believe it is reasonable to assume that the Company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The principal accounting policies adopted are set out below.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue

The Company recognises revenue to depict the transfer of promised services and related performance obligations to customers in an amount that reflects the consideration to which the Company expects to be entitled, upon satisfaction, in exchange for those services.

The Company derives its revenue from transaction fees, subscription revenue, support services, and consulting projects.

Revenue from transaction fees is billed monthly and calculated based on the number of executed transactions and the established fee schedules, less any applicable volume discounts. The volume targets or thresholds for the discounts reset monthly. Subscription and support revenues are recognised ratably over the performance period of the relevant contract using a time elapsed measure of progress as the customer receives the benefits of the services throughout the term of the contract. For fixed fee consulting projects, when recognising revenue over time, the Company can use either the output method or input method to measure progress toward completion of a project and should choose the most appropriate and apply it consistently. The output method measures the results achieved and value transferred to a customer. The input method measures the efforts or materials expended to satisfy the obligation.revenue is recognised over time using an input method based on the number of hours worked on the contract to date compared to the total expected number of hours. For time and materials arrangements, the Company uses the 'right to invoice' practical expedient in IFRS 15 (Revenue from contracts with customers) with the amount recognised as revenue reflecting the amount that the Company has the right to invoice its customers.

Deferred and Accrued Revenue

Deferred revenue represents the Company's liability to perform services in the future related to payments received in advance of those services. It is released on a straight-line basis over the period of service.

Accrued income represents the Company's right to consideration for the services performed to date, where payments are received in arrears of those services.

Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Operating loss

Operating loss is stated before interest income and finance costs.

Taxation

The tax credit represents the sum of the tax currently receivable and deferred tax.

Current tax - The tax currently receivable is based on the taxable loss for the period. Taxable loss differs from net loss as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's receivable for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax - The Company records a deferred income tax (benefit) provision when there are differences between assets and liabilities measured for financial reporting and for income tax return purposes. These temporary differences result in taxable or deductible amounts in future years and are measured using the tax rates and laws that will be in effect when such differences are expected to reverse. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Technology intangible assets are amortised over four years.

Internally-generated intangible assets

The Company capitalises eligible costs associated with the acquisition or development of internal-use software projects that provide new or significantly improved functionality. The Company capitalises software costs expected to result in long-term operational benefits, such as replacement systems or new applications that result in significantly increased operational efficiencies or functionality. All other costs incurred in connection with internal-use software are expensed as incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Internally- generated intangible assets are amortised over three years.

Impairment of intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount (the higher of value in use and the fair value less costs of disposal) of the asset is estimated to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Derecognition of intangible assets An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets
Financial assets mainly comprise Cash and cash equivalents, and Trade and other receivables.

Cash and cash equivalents. All highly liquid investments purchased with an original maturity of three months or less at the date of acquisition are classified as Cash and cash equivalents. Cash and cash equivalents consist primarily of deposits held in banks. Cash and cash equivalents are assessed to have low credit risk at each reporting date as they are held with reputable international banking institutions.

Trade and other receivables. Trade and other receivables are stated at cost, net of an expected credit loss allowance.

Financial assets are recognised and de-recognised on a trade date basis and are initially measured at fair value plus transaction costs.

Measurement of financial assets. The Company subsequently measures financial assets at amortised cost using the effective interest method, less impairment losses. Interest is recognised by applying the effective interest method, except for short-term balances when the effect of discounting is immaterial.

Effective interest method. The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. The application of the effective interest method has the effect of recognising interest income on the instrument in proportion to the amount outstanding such that the yield earned is constant over the period to maturity.

Derecognition of financial assets. The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Impairment of financial assets. Financial assets are assessed for impairment using the simplified approach because trade receivables are typically outstanding for a relatively short period of time and do not contain a significant financing component. Under the simplified approach, the loss provision is measured at an amount equal to lifetime expected credit losses. The Company uses a provision matrix to determine the expected credit losses for the portfolio. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at each reporting date.

Definition of default. The Company considers that default has occurred when a financial asset is more than 60 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy. The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Financial liabilities

Financial liabilities mainly comprise Trade and other payables, and Amounts owed to group undertakings.

Trade payables and other payables, as well as amounts due to related parties are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method except for short-term balances when the effect of discounting is immaterial.

Derecognition of financial liabilities. The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Indicators of impairment of assets

The Company performs an impairment review when certain impairment indicators are present. Determining the recoverable amounts of assets requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial position and results of operations. The Directors are satisfied that there is no indication of impairment for any of the carrying values of the Company's assets as at 31 December 2020.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgements in applying the Company's accounting policies (continued)

Functional currency

The determination of the Company's functional currency may require significant judgement where the primary economic environment in which the Company operates and the currency that mainly influence the underlying transactions, events and conditions that are relevant to the Company. Accordingly, management determined that the most appropriate functional currency is the USD, as it is the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions that are relevant to the company. Therefore on 30 June 2020, the Directors elected to change the Company's functional currency from EUR to USD. The change has been implemented prospectively.

Intangible asset valuation

For intangible assets acquired separately the Company must; a) identify and recognise the individual identifiable assets acquired and liabilities assumed; and b) allocate the cost of the group to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. In making their judgement, the Company used cash flow projections based on financial budgets approved by management and an internal rate return ("IRR") determined by the risk free rate of return plus a spread for the riskiness of the forecasted cash flows. Changes to these assumptions may have a significant impact on the value assigned to the intangible assets acquired. The Company determined that the total fair value of the assets purchased was $26,434k, and 100% should be allocated to the technology intangible asset.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated useful life of intangible assets

The useful lives of the Company's intangible assets with definite life are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to changes in technological development etc. In addition, the estimation of the useful lives is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar intangibles. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of intangible assets would increase the recognised operating expenses and decrease non-current assets.

The carrying value of intangible assets is disclosed in Note 8.

Revenue Recognition

As discussed in Note 2, *Significant Accounting Policies - Revenue*, the Company determined the most appropriate method to recognise fixed fee consulting revenue is the input method. The Company tracks the actual hours spent toward the total estimated hours of the contract, and uses this as a basis for estimating the progress towards completion and therefore revenue recognised. It is possible, that future total hours to complete the project may be higher or lower than estimated and therefore the percentage of completion and revenue recognised could be materially affected. In addition, the decision to use the input method may result in a different percentage of completion and revenue recognition than had the output method been applied.

4. REVENUE

An analysis of the Company's revenue generated by geographical market is set out below. All revenue generated for the period ended 31 December 2020 is from the same class of business, software solutions.

	Period Ended 31 December 2020 $000s	Year Ended 30 June 2019 $000s
Revenue:		
UK	300	—
Non UK	512	—
	812	—

5. LOSS FOR THE FINANCIAL PERIOD / YEAR

Loss for the period / year has been arrived at after charging:

	Period Ended 31 December 2020 $000s	Year Ended 30 June 2019 $000s
Net foreign exchange (gain)	(12)	—
Amortisation of internally developed software	276	—
Amortisation of technology intangible	551	—
	815	—

There were no employees (year ended 30 June 2019: none) during the period and the aggregate payroll costs were $nil (year ended 30 June 2019: $nil).

6. AUDITOR'S REMUNERATION

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were $55k. The fees payable for the year ended 30 June 2019 of $15k were borne by another Group Company as the Company was dormant at the time.

During the period, there were no fees payable to Deloitte LLP and their associates for non-audit services to the Company.

7. TAXATION

	Period Ended 31 December 2020 $000s	Year Ended 30 June 2019 $000s
Corporation tax:		
Current period	527	—
	527	—

Corporation tax is calculated at 19.00% (year ended 30 June 2019: 19.00%) of the estimated taxable loss for the period.

7. TAXATION (CONTINUED)

The credit for the period can be reconciled to the loss in the profit and loss account as follows:

	Period Ended 31 December 2020 $000s	Year Ended 30 June 2019 $000s
Loss before taxation	2,774	—
Tax at the UK corporation tax rate of 19.00% (2019: 19.00%)	527	—
Tax credit for the year	527	—

No deferred tax asset has been recognised in respect of the losses because the Company expects to utilise the losses as group relief.

8. INTANGIBLE ASSETS

	Internally developed software $000s	Work in Progress $000s	Technology Intangible $000s	Total $000s
Cost				
At 1 July 2019	—	—	—	—
Additions	1,657	1,450	26,434	29,541
At 31 December 2020	1,657	1,450	26,434	29,541
Accumulated amortisation				
At 1 July 2019	—	—	—	—
Charge for the year	276	—	551	827
At 31 December 2020	276	—	551	827
Net book value				
At 31 December 2020	1,381	1,450	25,883	28,714
At 30 June 2019	—	—	—	—

The internally developed software asset relates to Report Hub software and the Technology Intangible relates to the CMRS technology platform acquired in the asset purchase. Amortisation related to both internally developed software and technology intangibles are included within administrative expenses in the Statement of Comprehensive Income.

Asset purchase

On 7 December 2020, the Company closed an asset purchase agreement with Sapient. The assets acquired were a technology platform (CMRS), client contracts and a non-compete agreement. The purchase was for cash consideration of $26,000k with an acquisition cost of $434k.

The Company a) identified and recognised the individual identifiable assets acquired and liabilities assumed; and b) allocated the cost of the group to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. For the three potential intangible assets identified, the valuation methods used were a) replacement method cost for the technology platform; b) multi-period excess earnings method for the customer relationships; and c) the non-compete agreement was determined to be immaterial. In order to calculate the relative fair values, the Company used an IRR of 18.5% and determined that the total fair value of the assets purchased was $26,434k, and 100% should be allocated to the technology intangible asset.

9. TRADE AND OTHER RECEIVABLES

	31 December 2020 $000s	30 June 2019 $000s
Amounts falling due within one year:		
Trade debtors	498	—
Amounts owed by group undertakings	3	1,243
Accrued income	692	—
Other assets	226	—
	1,419	1,243

Amounts owed by group undertakings are transactions entered into between two or more members of the DTCC group that are wholly owned. They are non-trade, unsecured, interest-free and repayable on demand.

As of 31 December 2020 and 30 June 2019, the expected credit loss allowance was $nil as no invoices were more than 60 days past due. There were no write-offs for doubtful accounts for the period ended 31 December 2020 or the year ended 30 June 2019.

10. TRADE AND OTHER PAYABLES

	31 December 2020 $000s	30 June 2019 $000s
Amounts falling due within one year		
Amounts owed to group undertakings	30,804	—
Deferred income	581	—
Accrued expenses	523	—
	31.908	—

Amounts owed to group undertakings are transactions entered into between two or more members of the DTCC group that are wholly owned. They include a short-term loan in 2020 with a interest rate of USD 1 month LIBOR plus 1.5%, repayable on demand, and unsecured.

11. CALLED UP SHARE CAPITAL

	31 December 2020 $	30 June 2019 $
Issued and fully paid:		
1 (2019: 1) ordinary share of £1	1	1
Nil (2019: 6,586,207) ordinary shares of £10	—	106,634,100

As at 31 December 2020, the Company has one class of issued ordinary shares (30 June 2019: two classes) that carry no right to fixed income. The company has100 authorised shares of £1 each and 10,000,000 authorised shares of £10 each.

On 25 June 2020, the Company completed a reduction of its share capital whereby the share capital standing in the books of the Company at this date was reduced by the cancellation of 6,586,207 ordinary shares of £10 each. The distributable reserves created by the reduction of capital amount to $106,634k. The Capital Reduction was approved by a special resolution and supported by a solvency statement. Following the Capital Reduction, the issued share capital of the Company consists of 1 ordinary share of £1.

12. RELATED PARTY TRANSACTIONS

The Directors' remuneration analysed under the headings required by Company law is set out below.

	Period Ended 31 December 2020 $000s	Year Ended 30 June 2019 $000s
Directors' remuneration		
Emoluments	31	—
Amounts receivable (excluding shares) under long-term incentive schemes	15	—
Defined pension contribution plan	3	—
	49	—

No Directors were remunerated by the Company. For the purpose of this disclosure only, the key Directors who are employed within the DTCC group have been allocated a percentage of their total costs to the Company based on their estimated services provided to the Company. The Directors disclosed in this note are the only key management personnel of the Company.

13. ULTIMATE CONTROLLING PARTY

The Company's ultimate parent and controlling entity is DTCC, which is incorporated in the United States of America, and heads the largest and smallest group of companies of which the Company is a member. DTCC prepares consolidated financial statements in accordance with US GAAP. Copies of its financial statements can be obtained from www.dtcc.com. The registered address of DTCC (UK) Limited is 1 Snowden Street, Broadgate Quarter, London, EC2A 2DQ. The registered address of DTCC is 55 Water Street, New York. NY, 10041, United States.

14. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date that would require recognition or disclosure in the financial statements.