

Registered Number: 06298923

CALASTONE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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CALASTONE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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CALASTONE LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2019

REGISTERED NUMBER	06298923
DIRECTORS	S De Rycker J Hammerson J Oliver (appointed 15 January 2019) K Tregidgo C Wade C Conde (appointed 10 September 2019) J Donaldson (appointed 19 September 2019)
SECRETARY	J Griffiths
REGISTERED OFFICE	<i>Birchin Court</i> 20 Birchin Lane London EC3V 9DU
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT
SOLICITOR	Mishcon de Reya
BANKERS	Coutts & Co

CALASTONE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their strategic report for the year ended 31 December 2019.

REVIEW OF THE BUSINESS

Calastone ('the Group' or 'the Company') continued to grow in 2019 with turnover increasing to £37.3m, an increase of 18% on 2018 (£31.7m).

EBITDA for the financial year was £2.0m (2018: £0.4m loss). Adjusted EBITDA* was £2.6m (2018: £0.2m).

The profit for the financial year of £1.8m (2018: loss of £0.6m), shown in the profit and loss account, will be taken to reserves.

The net assets of the group are £9.2m (2018: £6.9m).

The Group structure allowed year end headcount to remain flat on the prior year total, and this level of headcount was able to support the growth in revenue.

The Group continues to develop commercial opportunities as we partner with our global client base and contribute to the automation, risk mitigation and cost reduction in the global funds industry.

** EBITDA is used as the primary metric to monitor company profitability. Adjusted EBITDA is calculated as Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) and Share Based Payments. Share Based Payments is excluded due to the notional nature of the accounting entry.*

REVIEW OF THE BUSINESS

The board of directors are responsible for setting financial and operational risk management policy and objectives, and approves the parameters within which the various aspects of risk management are operated.

PRINCIPAL RISKS AND UNCERTAINTIES

Key financial and operational risks are continuously monitored across the business by the senior leadership team and reported to the board on a monthly basis; the principal risks are highlighted below:

Information Security Breach

The information security policy is continuously reassessed and is part of each new employee's induction process. The highest standards of data protection and security are built into Calastone's systems. Individuals requiring access to our internal systems have unique ID's.

Regular penetration tests are carried out to test the resilience of the information security controls in place.

Regulatory Changes

Calastone is regulated as a Service Company by the Financial Conduct Authority and is regulated under a specific category. Understanding the applicable regulations is part of each employee's induction, and updates are provided by the General Counsel to all staff throughout the year.

System Capacity and Availability

Calastone's capacity is monitored in real time and increases in bandwidth, scalability and latency are planned each year based on existing and expected future activity. Calastone conducts an annual formal business continuity planning test with clients from all regions. The most recent test was conducted successfully in December 2019.

Financial Failure

Management information reports are produced routinely, and include both actual and forecasted financials and KPI's. These are reviewed by both the board of directors and the senior executive team to manage financial risk and monitor performance.

CALASTONE LIMITED

STRATEGIC REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

Management/Staffing

Retaining and attracting high calibre staff is key to our continued success. Excessive staff turnover is likely to impact both our service and our financial performance. To mitigate this we routinely benchmark members of staff and new roles across the industry to ensure that our compensation packages are well structured and competitive. Staff training programs are in place and include external qualifications and internal knowledge sharing.

Capital Management

The board of directors and management team monitor the Group's working capital and ensure that all bank accounts are held with highly rated banks.

Brexit

The UK ceased to be a member of the European Union effective 31 January 2020. Management considered the impact to the business as low but set out plans to ensure contingencies were in place.

Additional subsidiaries domiciled in Ireland (Calastone Ireland Limited) and Luxembourg (Calastone Luxembourg S.a.r.l.) were set up as part of ongoing brexit contingency plans. Both entities are wholly owned subsidiaries of Calastone Limited.

FUTURE DEVELOPMENTS

Calastone will continue to focus on network growth in its existing markets whilst diversifying its product penetration and geographical reach.

As a key participant in a number of industry bodies we are well placed to respond to changes in regulation and market practice, and to shape the direction of the industry.

We will continue to be leaders of technological development of Straight Through Processing (STP) in the funds industry by engaging with our clients, partners and regulators.

KEY PERFORMANCE INDICATORS

Measuring performance is integral to the next phase of our strategic growth, the metrics we use to measure the performance of the business are kept under constant review at all levels of the business.

The board of directors consider that the appropriate key performance indicators to benchmark the Group's progress at this stage are:

- o Revenue: £37.3m (2018: £31.7m)
- o Adjusted EBITDA: £2.6m profit (2018: £0.2m profit)
- o Headcount: 161 (2018: 161)

The performance of these KPI's have been discussed in the review of the business section.

CALASTONE LIMITED

STRATEGIC REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

SECTION 172 STATEMENT

Section 172 (1) Statement and Statement of engagement with employees and other stakeholders in accordance with the Companies Act 2006 (as amended by the Companies Miscellaneous Reporting) Regulations 2018).

This Statement focuses on how the Directors have had regard during the year to the matters set out in Section 172(1) (a) to (f) of the Act when performing their duty to promote the success of the Company under Section 172.

In the performance of its duty to promote the success of the Company, the Board has regard to a number of matters, including the likely consequences of any decisions in the long-term and listening to the views of the Company's key stakeholders to build trust and to ensure it fully understands the potential impacts of the decisions it makes.

The strategic report provides an overview of the performance of the business and the principle risks and uncertainties faced by the business. We are committed to maintaining high standards of business conduct and our culture encourages our people to act with integrity at all times.

Clients and Business Partners

Our clients and business partners are key to ensuring the long-term success of the Company and as a result, it is important to develop and maintain strong client relationships. Our purpose is to help them achieve their long-term objectives through engaging with them and understanding how those objectives will evolve, thereby enabling us to develop products aligned to their requirements and long-term goals.

Employees

We recognise that our value is in our people. We are building a culture where everyone feels included, empowered and inspired. We endeavour to maintain an open dialogue with our employees through regular town halls, internal communications, the group intranet where we provide regular business updates and encourage employees to ask questions. In addition, we undertake regular employee surveys to seek their feedback on range of items.

In order to ensure that we continue to attract, develop and retain talent, we have a reward structure in place which is attractive in the market and consistent across the business and provides a wide range of benefits covering health and wellbeing, lifestyle and family.

Suppliers

We value the relationship we have with our suppliers and they are fundamental to our business success and we ensure that there is an appropriate oversight framework in place. This includes ensuring that our suppliers are paid promptly for goods or services received. Each department engages with their respective suppliers and are responsible for ensuring oversight of key suppliers, including appropriate service level agreements are in place and that these are closely monitored to ensure that service delivery standards are met.

CALASTONE LIMITED

STRATEGIC REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

SECTION 172 STATEMENT (continued)

Regulator

The Company is regulated by the Financial Conduct Authority ("FCA") and engages with the FCA in an open and transparent manner. Our Compliance Team are primarily responsible for engaging with regulators.

Society

We aim to provide value to society through a number of initiatives. Our investment activities deliver growth for our clients and provide responsible stewardship of our clients' assets, which create value for our clients and for wider society. As a group, we aim to minimise our impact on the environment, support our communities and charities, including the participation of various CSR initiatives, and act with integrity at all times

This report was approved by the board and signed on its behalf by:



J Hammerson
Director

15 July 2020

CALASTONE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report on the audited consolidated and company financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Group is the provision of a transaction network to the participants in the funds industry enabling straight through processing for all aspects of the trade cycle.

The Company's subsidiaries, Calastone Hong Kong Limited, Calastone Inc., Calastone Pty Limited, Calastone Singapore Pte. Limited, Calastone Ireland Limited, Calastone Italia S.r.l., Calastone Luxembourg Sarl (incorporated 17/01/2019) and Calastone Technology Limited provide sales and support services to the parent company or are inactive/dormant.

DIRECTORS' STATEMENT

The directors continued to consider the need to foster the company's business relationships with suppliers, customers and others. During the year a number of projects were completed to sustain technological and operational resilience, and to that effect allow the business to maintain strategic relationships with its clients and partners. Please refer to S172 statement within the strategic report for further information.

FUTURE DEVELOPMENTS

Future developments have been disclosed in the strategic report.

DIVIDEND

No dividend was paid during the year (2018: £nil). The directors do not recommend the payment of a dividend for the financial year ending 31 December 2019.

BRANCHES

The Company has a branch office in Luxembourg.

RESULTS

The profit for the financial year amounted to £1.8m (2018 - loss of £0.6m).

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks including, foreign exchange risk, interest rate cash flow risk and credit risk. The Company operates systems and controls to mitigate any adverse effects across the range of risks.

Foreign Exchange Risk

The Company earns fees in foreign currencies from several overseas clients. The Company's policy is to hold only a minimum amount of currency to cover operational needs and therefore converts foreign currency on receipt. Direct exposure is therefore limited to the short-term outstanding currency fee debts at any time. The Company does not normally hedge this risk.

Interest Rate Risk

The Company has no debt. The Company is only exposed to interest rate risk in the level of return it earns on its cash deposits.

CALASTONE LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

Financial risk management (continued)

Credit Risk

The Company has implemented policies that require appropriate credit checks on customers. The Company is also directly exposed to credit risk in the placement of its cash deposits.

SUBSEQUENT EVENTS

Covid-19

In March 2020 the UK government announced a compulsory lockdown due to the pandemic caused by the virus COVID-19. The company contingency plans for operations and technology on the event of temporary office closures were implemented and group operations and technology functions performance have not been adversely affected.

The directors consider that the impact of COVID-19 would not affect the ability of the company to operate as a going concern or to have a material impact on any of the balances in these financial statements and this is considered a non-adjusting post balance sheet event. The Company continues to assess the impact and consequences arising from COVID-19.

DIRECTORS

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

S De Rycker
J Hammerson
J Oliver (appointed 15 January 2019)
K Tregidgo
C Wade
C Conde (appointed 10 September 2019)
J Donaldson (appointed 19 September 2019)

CALASTONE LIMITED

DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as that director is aware, there is no relevant audit information of which the Company and the group's auditors are unaware, and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

This report was approved by the board and signed on its behalf by:



J Hammerson
Director

15 July 2020

CALASTONE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CALASTONE LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2019

Report on the audit of the financial statements

Opinion

In our opinion, Calastone Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet and the Company Balance Sheet as at 31 December 2019; the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the Company Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

CALASTONE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CALASTONE LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2019

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

CALASTONE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CALASTONE LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2019

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Roshni Jones

Roshni Jones (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 July 2020

CALASTONE LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Year ended 31 December 2019 £'000s	Year ended 31 December 2018 £'000s
TURNOVER	2	37,304	31,695
Administrative expenses		(35,525)	(32,486)
OPERATING PROFIT/(LOSS)	3	<u>1,779</u>	<u>(791)</u>
Interest receivable and similar income		-	1
PROFIT/(LOSS) BEFORE TAXATION		<u>1,779</u>	<u>(790)</u>
Tax on profit/(loss)	9	57	183
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>1,836</u>	<u>(607)</u>
OTHER COMPREHENSIVE (EXPENSE)/INCOME			
Currency translation differences		(34)	32
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		<u>1,802</u>	<u>(575)</u>

All amounts related to continuing operations.

The notes on pages 18 to 31 form part of these financial statements.

CALASTONE LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

		2019		2018	
	Note	£'000s	£'000s	£'000s	£'000s
FIXED ASSETS					
Intangible Assets	10		9		34
Tangible Assets	11		543		654
			<u>552</u>		<u>688</u>
CURRENT ASSETS					
Debtors	13	7,884		6,477	
Cash at bank and in hand		5,055		3,523	
		<u>12,939</u>		<u>10,000</u>	
Creditors: amounts falling due within one year	14	(4,269)		(3,762)	
NET CURRENT ASSETS			<u>8,670</u>		<u>6,238</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			9,222		6,926
NET ASSETS			<u>9,222</u>		<u>6,926</u>
CAPITAL AND RESERVES					
Called up Share Capital	16		1		1
Share Premium Account	17		13,304		13,304
Translation Reserve	17		(27)		7
Profit and Loss Account	17		(4,056)		(6,386)
TOTAL CAPITAL AND RESERVES			<u>9,222</u>		<u>6,926</u>

The financial statements on pages 12 to 31 were approved by the board of directors on 7 July 2020 and signed on its behalf by:



J Hammerson
Director

15 July 2020

The notes on pages 18 to 31 form part of these financial statements.

CALASTONE LIMITED
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

		2019		2018	
	Note	£'000s	£'000s	£'000s	£'000s
FIXED ASSETS					
Intangible Assets	10		9		34
Tangible Assets	11		544		662
Investments	12		22		11
			<u>575</u>		<u>707</u>
CURRENT ASSETS					
Debtors	13	7,652		7,053	
Cash at bank and in hand		4,927		3,313	
		<u>12,579</u>		<u>10,366</u>	
Creditors: amounts falling due within one year	14	(4,986)		(4,991)	
NET CURRENT ASSETS			<u>7,593</u>		<u>5,375</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			8,168		6,082
NET ASSETS			<u>8,168</u>		<u>6,082</u>
CAPITAL AND RESERVES					
Called up Share Capital	16		1		1
Share Premium Account	17		13,304		13,304
Profit and Loss Account	17				
At 1 January			(7,223)		(7,001)
Profit/(Loss) for the financial year			2,086		(222)
			<u>(5,137)</u>		<u>(7,223)</u>
TOTAL CAPITAL AND RESERVES			<u>8,168</u>		<u>6,082</u>

The financial statements on pages 12 to 31 were approved by the board of directors on 7 July 2020 and signed on its behalf by:



J Hammerson
Director

15 July 2020

The notes on pages 18 to 31 form part of these financial statements.

CALASTONE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Called up Share Capital £'000s	Share Premium Account £'000s	Translation Reserve £'000s	Profit and Loss Account £'000s	Total Capital and Reserves £'000s
Balance as at 1 January 2018		1	13,230	(25)	(6,352)	6,854
Loss for the financial year	17	-	-	-	(607)	(607)
Other comprehensive income for the year	17	-	-	32	-	32
Total comprehensive expense for the year		-	-	32	(607)	(575)
Share-based payments	19	-	-	-	574	574
Issue of shares		-	74	-	-	74
Balance as at 31 December 2018		1	13,304	7	(6,386)	6,926
Profit for the financial year	17	-	-	-	1,836	1,836
Other comprehensive expense for the year	17	-	-	(34)	-	(34)
Total comprehensive income for the year		-	-	(34)	1,836	1,802
Share-based payments	19	-	-	-	494	494
Balance as at 31 December 2019		1	13,304	(27)	(4,056)	9,222

The notes on pages 18 to 31 form part of these financial statements.

CALASTONE LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Called up Share Capital £'000s	Share Premium Account £'000s	Profit and Loss Account £'000s	Total Capital and Reserves £'000s
Balance as at 1 January 2018		1	13,230	(7,001)	6,230
Loss for the financial year	17	-	-	(796)	(796)
Total comprehensive expense for the year		-	-	(796)	(796)
Share-based payments	19	-	-	574	574
Issue of shares		-	74	-	74
Balance as at 31 December 2018		1	13,304	(7,223)	6,082
Profit for the financial year	17	-	-	1,592	1,592
Total comprehensive income for the year		-	-	1,592	1,592
Share-based payments	19	-	-	494	494
Balance as at 31 December 2019		1	13,304	(5,137)	8,168

The notes on pages 18 to 31 form part of these financial statements.

CALASTONE LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Year ended 31 December 2019 £000's	Year ended 31 December 2018 £000's
Cash flow from operating activities	20	1,322	(1,316)
Taxation received		333	214
Net cash flow generated from/(used in) operating activities		1,655	(1,102)
Cash flow from investing activities			
Payments to acquire fixed assets		(122)	(662)
Interest received		-	1
Net cash flow used in investing activities		(122)	(661)
Cash flow from financing activities			
Receipts from the issuance of shares		-	73
Net cash flow generated from financing activities		-	73
Net increase/(decrease) in cash and cash equivalents		1,533	(1,690)
Cash and cash equivalents as at 1 January		3,523	5,198
Net increase/(decrease) in cash and cash equivalents		1,533	(1,690)
Currency exchange (loss)/gain on cash and cash equivalents		(1)	15
Cash and cash equivalents as at 31 December		5,055	3,523
Cash and cash equivalents consist of:			
Cash at bank and in hand		5,055	3,523

The notes on pages 18 to 31 form part of these financial statements.

CALASTONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

1.1 General information and basis of preparation

Calastone Limited is a private company limited by shares incorporated in the United Kingdom. The address of the registered office is given in the Company information on page 1 of these financial statements. The nature of the Group's operations and principal activities is shown in the directors' report on page 4.

The financial statements have been prepared in accordance with the applicable accounting standards including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements are presented in sterling which is the functional currency of the Group.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented for the Group and Company unless otherwise stated.

The Company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual Statement of Comprehensive Income.

The Company has taken advantage of the exemption under FRS102 from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows.

1.2 Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings together made up to 31 December 2019.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions within the Group to the extent of the Group's interest in the entity.

1.3 Turnover

Revenue for provision of services is recognised when it is probable that an economic benefit will flow to the entity and the revenue can be reliably measured.

Revenue that is guaranteed under a service contract is recognised on a straight-line basis in reference to the stage of completion up to 31 December 2019.

1.4 Intangible fixed assets and amortisation

Intangible fixed assets are shown at cost, net of amortisation. Amortisation is calculated so as to recognise the cost of the assets over their expected useful economic lives on the following bases:

- Software licenses - 3 years straight line

CALASTONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to recognise the cost of fixed assets, less their estimated residual value, over their expected useful economic lives on the following bases:

- Fixtures, fittings & equipment - 3 years straight line or the life of the lease

1.6 Investments

Investments in subsidiary undertakings are valued at cost less provision for impairment.

1.7 Share based payments

The Group awards key employees share options from time to time on a discretionary basis.

FRS 102 Section 26 requires the Group to recognise an expense in respect of the granting of shares to employees and directors. This expense, which is calculated by reference to the fair value of the options granted and allocated, is recognised over the vesting period in accordance with the terms of each option based on the Group's estimate of options which will eventually vest (note 19). The directors have used an approximation to an Option Pricing model to estimate the value of options granted in the current and prior periods.

1.8 Operating leases

Rentals under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

1.9 Pensions

The Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Group to the fund in respect of the year.

1.10 Foreign Currency

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between functional currency and the foreign currency at the date of transaction. Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are translated using the closing rate.

The trading results of Group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in other comprehensive income or expense.

1.11 Research and Development

Expenditure on research and development is charged to the profit and loss in the year in which it is incurred.

1.12 Provisions

Provisions are recognised when the Group has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic resource will be required in settlement and the amount can be reliably estimated.

CALASTONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (continued)

1.13 Tax

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.14 Judgements and key sources of estimation uncertainty

The preparation of the Group and Company's financial statements requires the directors to select accounting policies and make estimates and assumptions that affect items reported in the Balance Sheet and Statement of Comprehensive Income, other primary statements and notes to the financial statements

These major areas of judgement on policy application are summarised below:

Item	Critical accounting judgement estimate or assumption	Accounting policy
Deferred tax asset	Future profitability	1.13
Share based payments	Probability of future event and fair value of options at grant date	1.7

All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events and actions. Actual results may differ from those estimates, possibly significantly.

1.15 Cash

Cash and cash equivalents includes cash in hand and deposits held at call with banks. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

1.16 Share capital

Ordinary shares and preference shares are classified as equity.

1.17 Operating profit or loss before share based payments

In order to provide additional consideration of the underlying performance of the Group's ongoing business, the Group's results include an analysis of the operating profit or loss. The analysis shows the adjusting items which, in the opinion of the directors, should be excluded in order to provide a consistent and comparable view of the underlying performance of the group's ongoing business. This will include items that are largely one-off and material in nature and any fair value movements on options over equity interests held for non-speculative purposes. Adjusting items are identified and presented on a consistent basis each year.

1.18 Financial Instruments

The Group has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments.

CALASTONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (continued)

1.18 Financial Instruments (continued)

i. Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, prepayments and accrued income are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method.

i. Financial liabilities

Basic financial liabilities, including trade and other payables, accruals and deferred income are initially recognised at transaction price.

Financial liabilities are subsequently carried at amortised cost, using the effective interest rate method.

2. TURNOVER

All revenue recognised by the Group relates to services performed in the United Kingdom.

3. OPERATING PROFIT/(LOSS)

	Year ended 31 December 2019 £'000s	Year ended 31 December 2018 £'000s
Operating profit/(loss) is stated after charging/(crediting):		
Amortisation of intangible fixed assets	25	29
Depreciation of tangible fixed assets	233	348
Operating lease charges	961	714
Foreign exchange charge/(credit)	34	32
Share-based payments	494	574

4. AUDITORS' REMUNERATION

	Year ended 31 December 2019 £'000s	Year ended 31 December 2018 £'000s
Fees payable to the Company's auditors for the audit of the Company's annual consolidated financial statements	60	33

No other fees were payable to the Company's auditors (2018: £nil).

CALASTONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

5. STAFF COSTS

Year ended 31 December 2019 Number	Year ended 31 December 2018 Number
---	---

The average monthly number of employees including directors was:

GROUP

Sales and client relationship management	42	43
Operations, administration & management	48	47
Technical and product development	78	71
Total	168	161

COMPANY

Sales and client relationship management	29	30
Operations, administration & management	47	46
Technical and product development	74	68
Total	150	144

Staff costs including directors' remuneration were as follows:

Year ended 31 December 2019 £'000s	Year ended 31 December 2018 £'000s
---	---

GROUP

Wages and salaries	14,027	13,042
Share based payments	494	574
Social security costs	1,617	1,434
Other pension costs	571	487
	16,709	15,537

Year ended 31 December 2019 £'000s	Year ended 31 December 2018 £'000s
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COMPANY

Wages and salaries	12,234	11,490
Share based payments	494	574
Social security costs	1,435	1,344
Other pension costs	503	444
	14,666	13,852

CALASTONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

6. DIRECTORS' REMUNERATION

	Year ended 31 December 2019 £'000s	Year ended 31 December 2018 £'000s
Remuneration		
Wages and salaries	1,181	1,025
Post-employment benefits	10	10
	<u>1,191</u>	<u>1,035</u>

During the year no options were exercised by directors (2018: nil).

During the year no retirement benefits were accruing to directors in respect of defined contribution pension schemes (2018 nil).

6. DIRECTORS' REMUNERATION

	Year ended 31 December 2019 £'000s	Year ended 31 December 2018 £'000s
The emoluments of the highest paid director included above was:		
Remuneration	702	489

The highest paid director exercised no options in the year (2018: none). The highest paid director received no options in the year (2018: none).

7. KEY MANAGEMENT PERSONNEL

	Year ended 31 December 2019 £'000s	Year ended 31 December 2018 £'000s
Salaries and other short-term benefits	1,512	1,505
Post-employment benefits	25	38
Total remuneration	<u>1,536</u>	<u>1,543</u>

8. PENSION ARRANGEMENTS

The Group operates a defined contribution pension scheme available to all employees.

The pension cost charge represents contributions payable by the Group, to the Group scheme and to personal pension schemes. This amounted to £571k (2018: £487k).

CALASTONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

9. TAX ON PROFIT/(LOSS)

	Year ended 31 December 2019 £'000s	Year ended 31 December 2018 £'000s
(a) Analysis of tax credit in the year		
Current tax:		
UK corporation tax at 19.00% (2018: 19.00%)	-	(346)
Overseas corporate tax charge	47	54
Adjustment to prior period	(10)	8
Deferred tax		
Origination and reversal of timing differences	(94)	101
Tax on profit/(loss)	(57)	(183)

(b) Reconciliation of tax credit

Tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2019 of 19.00% (2018: 19.00%). The differences are explained below.

	Year ended 31 December 2019 £'000s	Year ended 31 December 2018 £'000s
Profit/(Loss) before taxation	1,779	(790)
Profit/(Loss) before taxation multiplied by the standard (PY 19.00%)	338	(150)
Effects of:		
Expenses not deductible for tax purposes	11	69
Share based payments charge not deductible	94	110
Other permanent differences	(4)	1
Fixed asset timing differences	10	14
Additional deduction for R&D expenditure	(483)	(440)
Surrender of tax losses for R&D tax credit refund	-	107
Change in tax rates	(20)	93
Difference in overseas tax rates	7	5
Adjustment to prior period	(10)	8
Total tax credit for the year	(57)	(183)

(c) Factors affecting future tax charge

The Group has a significant amount of UK tax losses carried forward that may reduce any future tax charge.

The Group has tax losses carried forward that are available for offset against future trading profits of the Group. A deferred tax asset has been recognised in respect of these amounts. Calastone Limited has trade losses of £4.9m carried forward (2018: £4.3m).

The Group has not recognised any deferred tax asset in relation to the cumulative accounting charges for share-based payments due to uncertainties in the longer term over the timing of utilisation of the deferred tax asset. The cumulative accounting charges recognised in the Statement of Comprehensive Income for the year ended 31 December 2019 was: £8.1m (2018: £7.6m); at 31 December 2019 the contingent tax asset relating to this temporary timing difference is £1.4m (2018: £1.3m).

CALASTONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

9. TAX ON PROFIT/(LOSS) (continued)

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Following the 2020 budget published on 12 March 2020, the rate is to remain at 19%. Had this been substantively enacted by the balance sheet date, this would have increased the deferred tax asset by £103,000.

(d) Deferred tax

	Gross amount £'000s	Tax amount £'000s	Accounts provision £'000s
Closing provision at 17% - deferred tax liability/(asset)			
Fixed asset timing differences	(245)	(42)	(42)
Short-term timing differences (pension accrual)	(55)	(9)	(9)
Unused losses	(4,874)	(829)	(829)
Total provision	(5,174)	(880)	(880)
Opening provision at 17% - deferred tax liability/(asset)			
Fixed asset timing differences	(306)	(52)	(52)
Short-term timing differences (pension accrual)	(59)	(10)	(10)
Unused losses	(4,258)	(724)	(724)
Total provision	(4,623)	(786)	(786)

10. INTANGIBLE ASSETS

GROUP & COMPANY	Software Licenses £'000s
Cost	
As at 1 January 2019	102
Additions	-
Disposals and write offs	-
As at 31 December 2019	102
Accumulated Amortisation	
At 1 January 2019	68
Charge for the year	25
Eliminated on disposal and write offs	-
At 31 December 2019	93
Book value at 31 December 2019	9
Book value at 31 December 2018	34

The amortisation charge of the intangible assets are included in administrative expenses in the Consolidated Statement of Comprehensive Income.

CALASTONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

11. TANGIBLE ASSETS

GROUP	Fixtures Fittings & Equipment £'000s
Cost	
As at 1 January 2019	2,028
Additions	122
Disposals and write offs	(8)
As at 31 December 2019	<u>2,142</u>
Accumulated Depreciation	
At 1 January 2019	1,374
Charge for the year	233
Eliminated on disposal and write offs	(8)
At 31 December 2019	<u>1,599</u>
Book value at 31 December 2019	543
Book value at 31 December 2018	654
COMPANY	Fixtures Fittings & Equipment £'000s
Cost	
As at 1 January 2019	1,919
Additions	109
Disposals and write offs	-
As at 31 December 2019	<u>2,028</u>
Accumulated Depreciation	
At 1 January 2019	1,257
Charge for the year	227
Eliminated on disposal and write offs	-
At 31 December 2019	<u>1,484</u>
Book value at 31 December 2019	544
Book value at 31 December 2018	662

CALASTONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

12. INVESTMENTS (COMPANY)

£'000s

Cost and Book Value at 1 January 2019	11
Additions	11
Cost and Book Value at 31 December 2019	22

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of Incorporation	Class of shares	Holding
Calastone Pty Limited	Australia	Ordinary	100%
Calastone Hong Kong Limited	Hong Kong	Ordinary	100%
Calastone, Inc.	United States	Ordinary	100%
Calastone Technology Limited	United Kingdom	Ordinary	100%
Calastone Singapore Pte. Limited	Singapore	Ordinary	100%
Calastone Ireland Limited	Ireland	Ordinary	100%
Calastone Italia S.r.l.	Italy	Ordinary	100%
Calastone Luxembourg s.a.r.l	Luxembourg	Ordinary	100%

Registered address

Calastone Pty Limited	Level 22, MLC Centre, 19 Martin Place, Sydney NSW
Calastone Hong Kong Limited	Suite 1701-02, Floor 17, FWD Financial Centre, 308 Des Voeux Road, Central, Hong Kong
Calastone, Inc.	919 North Market Street, Suite 425, Wilmington, Delaware 19801
Calastone Technology Limited	20 Birch Lane, London EC3V 9DU
Calastone Singapore Pte. Limited	30 Cecil Street 19-08 Prudential Tower, Singapore 049712
Calastone Ireland Limited	22 Northumberland Road, Ballsbridge, Dublin 4
Calastone Italia S.r.l.	Milano (MI) Via Serbelloni Gabrio 4 Cap 20122
Calastone Luxembourg s.a.r.l	3A, Sentier de l'Esperance, L-1474 Luxembourg

Where relevant, local filings are made for each of the subsidiary undertakings.

The principal activity for all subsidiary undertakings is the provision of sales and sales support services to the Company.

13. DEBTORS

	Group		Company	
	2019	2018	2019	2018
	£'000s	£'000s	£'000s	£'000s
Trade debtors	5,151	3,251	5,151	3,252
Amounts owed by Group undertakings	-	-	12	751
Other debtors	707	664	569	570
Tax recoverable	-	346	-	346
Deferred tax asset	880	786	880	786
Prepayments and accrued income	1,146	1,430	1,040	1,348
	7,884	6,477	7,652	7,053

Amounts owed by Group undertakings are classified as current debts as they are interest free, unsecured and repayable on demand.

CALASTONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£'000s	£'000s	£'000s	£'000s
Trade creditors	667	628	581	544
Amounts owed to Group undertakings	-	-	1,114	1,558
Other creditors	535	316	517	307
Other taxation and social security	1,970	1,600	1,794	1,484
Corporation tax	23	6	-	-
Accruals and deferred income	1,074	1,212	980	1,098
	<u>4,269</u>	<u>3,762</u>	<u>4,986</u>	<u>4,991</u>

Amounts owed to Group undertakings are classified as current as they are interest free, unsecured and repayable on demand.

Secured Creditors

There are no secured creditors as at 31 December 2019 (2018: none).

15. FINANCIAL INSTRUMENTS

	2019	2018
	£'000s	£'000s
GROUP		
The Group has the following financial instruments:		
Financial assets that are debt instruments measured at amortised cost:		
Trade debtors	5,151	3,251
Other debtors	707	664
Cash at bank and in hand	<u>5,055</u>	<u>3,523</u>
	<u>10,913</u>	<u>7,438</u>
Financial liabilities measured at amortised cost:		
Trade creditors	667	628
Accruals	943	911
Other creditors	<u>535</u>	<u>316</u>
	<u>2,145</u>	<u>1,855</u>
COMPANY		
The Company has the following financial instruments:		
Financial assets that are debt instruments measured at amortised cost:		
Trade debtors	5,151	3,252
Other debtors	569	570
Amounts owed by Group undertakings	12	751
Cash at bank and in hand	<u>4,927</u>	<u>3,313</u>
	<u>10,659</u>	<u>7,886</u>
Financial liabilities measured at amortised cost:		
Trade creditors	581	544
Accruals	850	799
Other creditors	517	307
Amounts owed to Group undertakings	<u>1,114</u>	<u>1,558</u>
	<u>3,062</u>	<u>3,208</u>

CALASTONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**16. CALLED UP SHARE CAPITAL
GROUP & COMPANY**

	2019 £	2018 £
Allotted, called up fully paid:		
940,200 (2018: 940,200) Ordinary shares of £0.0001 each	94	94
767,722 (2018: 767,722) Ordinary A shares of £0.0001 each	77	77
868,688 (2018: 868,688) Preferred B shares of £0.0001 each	87	87
	<u>258</u>	<u>258</u>

All shares hold equal rights to distribution of profits, redemption and voting. The order of distribution of surplus assets (after payment of the Company's liabilities) on a liquidation or other return of capital is to B Preferred, then A Ordinary and then Ordinary shares.

17. RESERVES

	Share Premium Account £'000s	Translation Reserve £'000s	Profit & Loss Account £'000s
Group			
At 1 January 2019	13,304	7	(6,386)
Profit for the financial year	-	-	1,836
Share based payment credit	-	-	494
Foreign exchange movement	-	(34)	-
At 31 December 2019	<u>13,304</u>	<u>(27)</u>	<u>(4,056)</u>
		Share Premium Account £'000s	Profit & Loss Account £'000s
Company			
At 1 January 2019		13,304	(7,223)
Profit for the financial year		-	1,592
Share based payments		-	494
At 31 December 2019		<u>13,304</u>	<u>(5,137)</u>

**18. RECONCILIATION OF MOVEMENT IN
SHAREHOLDERS' FUNDS**

	2019 £'000s	2018 £'000s
Group		
Profit/Loss for the financial year	1,836	(607)
Share based payments	494	574
Foreign exchange movement	(34)	32
Issue of shares	-	73
Net movement in shareholders' funds	<u>2,296</u>	<u>72</u>
Opening shareholders' funds	6,926	6,854
Closing shareholders' funds	9,222	6,926
Company		
Profit/Loss for the financial year	1,592	(796)
Share based payments	494	574
Issue of shares	-	74
Net movement in shareholders' funds	<u>2,086</u>	<u>(148)</u>
Opening shareholders' funds	6,082	6,230
Closing shareholders' funds	8,168	6,082

CALASTONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

19. SHARE BASED PAYMENTS

The company has five share based compensation plans in place to help attract and retain personnel and to reward employees and directors. Share options have been granted to certain employees of the Company, under these compensation plans, with a fixed exercise price at the grant date. Options granted either vest according to a schedule determined by the board at the time of grant or are exercisable on an event and are subject to continued employment, or on an event and subject to both continued employment and total transaction consideration thresholds.

	Year ended 31 December 2019		Year ended 31 December 2018	
	Number	Average Price (£)	Number	Average Price (£)
Outstanding at beginning of year	493,634	1.16	678,280	3.72
Granted	109,893	13.36	-	0.00
Allocated pending grant	-	-	-	0.00
Exercised	-	-	(73,437)	1.00
Forfeited	(16,750)	1.00	(111,209)	16.92
Outstanding at end of year	586,777	3.45	493,634	1.16

During 2019 no options were exercised (2018: 73,437).

The total amount of exercisable share options at the year end is 266,750 (2018: 265,250).

The Company has used an approximation to an option pricing model to estimate the value of options granted in the current and prior years. The assumptions used, including the vesting period, are continually assessed and updated.

The total charge to the Statement of Comprehensive Income for the year relating to employee share based payments was £0.5m (2018: £0.6m), all of which related to equity-settled share based payment transactions.

20. CASH FLOW FROM OPERATING ACTIVITIES

	Year ended 31 December 2019 £'000s	Year ended 31 December 2018 £'000s
Operating profit/(loss)	1,779	(791)
Depreciation and amortisation	257	377
Exchange rate variances	(37)	8
Share based payments credit	494	574
Increase in debtors	(1,660)	(621)
Increase/(decrease) in creditors	489	(863)
	1,322	(1,316)

CALASTONE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2019****21. OPERATING LEASE COMMITMENTS**

At 31 December the Group had total future minimum lease payments under non-cancellable leases as follows:

	2019 £'000s	2018 £'000s
Amounts falling due:		
Within 1 year	962	827
Between 2 and 5 years	1,847	2,148
	<u>2,809</u>	<u>2,975</u>

In 2019, a total of £0.8m was spent on operating lease commitments (2018: £0.8m).

22. RELATED PARTY TRANSACTIONS

Octopus Zenith LP and its entities are the majority shareholder. During the period the Company was charged £20,000 (2018: £20,000) by Octopus Investments Limited during the year for monitoring fees. At 31 December 2019 £2,000 (2018: £2,000) was owed to Octopus Investments Limited. All related party transactions were completed at arms length.

Within the directors remuneration amounts paid to related parties, please refer to note 7 for further information.

The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Calastone Limited Group.

23. CONTROLLING PARTY

The directors do not consider there to be one ultimate controlling party or Parent Company.

24. DIVIDENDS

No dividends were paid during the year to 31 December 2019 (2018: £nil). No dividends were paid or proposed between the year end and the date of the approval of the financial statements.

25. SUBSEQUENT EVENTS**Covid-19**

In March 2020 the UK government announced a compulsory lockdown due to the pandemic caused by the virus COVID-19. The company contingency plans for operations and technology on the event of temporary office closures were implemented and Group operations and technology functions performance have not been adversely affected.

The directors consider that the impact of COVID-19 would not affect the ability of the company to operate as a going concern or to have a material impact on any of the balances in these financial statements and this is considered a non-adjusting post balance sheet event. The Company continues to assess the impact and consequences arising from COVID-19.