

Registered number: 06736355

**ANNUAL REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
EVESTMENT ALLIANCE (UK) LIMITED**



EVESTMENT ALLIANCE (UK) LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2018**

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EVESTMENT ALLIANCE (UK) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

DIRECTORS:

Eugene William Luciani (appointed 31 Dec 2018)
Jerrod Stoller (appointed 31 Dec 2018)
Otis Matthew Crisp III (resigned 31 Mar 2018)
James Edward Minnick II (resigned 31 Dec 2018)
Heath Erron Wilson (resigned 31 Dec 2018)

REGISTERED OFFICE:

Woolgate Exchange, 25 Basinghall Street
London
EC2V 5HA

REGISTERED NUMBER:

06736355 (England and Wales)

INDEPENDENT AUDITORS:

Berg Kaprow Lewis LLP
Chartered Accountants and Statutory Auditors
35 Ballards Lane
London
N3 1XW

Strategic Report

The directors present their strategic report for the year ended 31 December 2018.

Review of the Business

eVestment Alliance (UK) Limited's (the 'Company's') principal activities during the year were to provide our clients a suite of cloud-based analytics and intelligence solutions to help them make data-driven decisions, identify and capitalize on global investment trends and better position their funds for success. Principal users of eVestment products are consultants, institutional investors, financial advisors, asset managers and others.

In 2018, the Company's continued revenue growth was driven by new client subscriptions and client retention.

The principal performance indicators for the company are turnover and profitability.

| | 2018 | As restated 2017 |
|------------------|-----------|---------------------|
| | £ | £ |
| Turnover | 9,053,695 | 8,060,118 |
| Operating profit | (394,894) | 1,694,898 |
| Net assets | 2,771,873 | 2,962,150 |

Effective 1 January 2018, the company changed the accounting treatment of sales commissions which were previously recognized in the profit or loss. The change in accounting policy was applied retrospectively and resulted in an increase to 2017 operating profit by £1,039,971.

Management evaluates other important performance indicators including, but not limited to: client retention rates; new subscription sales; client satisfaction; client service response times; and product level performance.

The business strategy of the Company continues to be retention of current and attraction of new clients by offering the highest quality data and analytics tools.

Principal Risks and Uncertainties

The principal risks and uncertainties affecting the Company are considered to be competition from other companies which provide investor analytics solutions; operational risks associated with product development; and economic factors that impact the Company.

The management of the business and directors of the Company meet on a regular basis and this includes an assessment of the key business risks. Risks are in turn escalated to NASDAQ Global Risk Management and the risk committee of the Company's ultimate parent company, NASDAQ Inc.

Competitive Risk

The landscape for institutional investment analytics is varied and fragmented, with many different database providers, standalone analytics solutions, though few can provide both on a global scale. The Company believes that competition in the asset management industry will continue to intensify, leading to further firm consolidation to achieve higher economies of scale.

The Company believes, as a result of this potential wave of consolidation, that customers will increasingly look for single source providers capable of addressing a broad range of needs within a single platform.

Economic conditions and market risk factor

The Company performance is impacted by a number of factors, including general economic conditions, market volatility, and other factors that are generally beyond its control. To the extent that global or national economic conditions weaken, its business is likely to be negatively impacted. Adverse market conditions could reduce client demand for its services and the ability of clients and other counterparties to meet their obligations. Poor economic conditions may result in a reduction in the demand for the Company's products, which would adversely affect the business, financial condition and operating results. Because we have operations in several countries including the United States of America, United Kingdom, Hong Kong, and Australia, we are exposed to currency risk.

EVESTMENT ALLIANCE (UK) LIMITED

Registered number: 06736355

Strategic report (continued)

Economic conditions and market risk factor

The Company performance is impacted by a number of factors, including general economic conditions, market volatility, and other factors that are generally beyond its control. To the extent that global or national economic conditions weaken, its business is likely to be negatively impacted. Adverse market conditions could reduce client demand for its services and the ability of clients and other counterparties to meet their obligations. Poor economic conditions may result in a reduction in the demand for the Company's products, which would adversely affect the business, financial condition and operating results. Because we have operations in several countries including the United States of America, United Kingdom, Hong Kong, and Australia, we are exposed to currency risk.

Operational Risk

Our role in the global marketplace may place us at greater risk for a cyberattack or other security incidents. The success of the Company depends on the Company's ability to keep up with rapid technological and other competitive changes affecting our performance, capacity, reliability and speed required by our business and clients, while ensuring that systems and operations are kept safe from damage or interruption from security breaches, hacking, data theft, denial of service attacks, human error, natural disasters, power loss, fire sabotage, computer viruses, intentional acts of vandalism and similar events.

Any impairments due to human error could impact our clients and risk reputational damage and are managed closely by our leadership team. Human and product/technology impairments are closely monitored and are reviewed on a regular basis.

Credit Risk

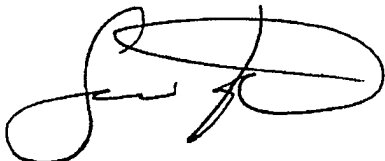
The business is exposed to credit risk from customers. Fees may not be fully collected due to bankruptcy, lack of liquidity, operational failure, or other reasons. Credit risk and outstanding fees are reviewed by management on a quarterly basis.

Brexit Risk

In a referendum on 23 June 2016, the United Kingdom ("UK") voted to leave the European Union ("EU") – commonly referred to as Brexit. In April 2019, the planned exit date was extended by six months, and the UK is now due to leave the EU on 31 October 2019. The uncertainty surrounding the terms of Brexit, could negatively impact markets and cause weaker macroeconomic conditions that could continue for the foreseeable future. Since the UK voters approved Brexit in June 2016, Brexit has created political and economic uncertainty and instability in the global markets (including currency and credit markets) particularly in the UK and EU.

We continue to evaluate the potential effect of the UK's planned departure from the EU on our business operations and financial results. If the UK's membership in the EU terminates without an agreement for the UK's orderly departure from the EU there could be unfavorable consequences including a deterioration of the general economic conditions, increased costs from re-imposition of tariffs on the trade between the UK and EU, volatility of foreign exchange rates and legal uncertainty. Brexit may also have adverse tax effects on movement of products or activities between the UK and EU.

Approved by the Board of Directors and signed on behalf of the Board by:



Eugene William Luciani
Director

Date: 26 SEPTEMBER 2019

EVESTMENT ALLIANCE (UK) LIMITED
Registered number: 06736355

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report with the audited financial statements of Evestment Alliance (UK) Limited (the "Company") for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity in the year under review was that of a web-based comprehensive investment information and analytic technology.

DIRECTORS

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

Eugene William Luciani (appointed 31 Dec 2018)
Jerrold Stoller (appointed 31 Dec 2018)
Ottis Matthew Crisp III (resigned 31 Mar 2018)
James Edward Minnick II (resigned 31 Dec 2018)
Heath Erron Wilson (resigned 31 Dec 2018)

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 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 company and of the profit or loss of the 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 company will continue in business.

The directors 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.

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.

Future developments

The existing customer base is expected to be maintained in 2019. We continue to evaluate the potential effect of the UK's planned departure from the EU on our business and operations.

Results and dividends

The Company's loss for the period after taxation amounted to £190,276 (2017: profit £1,618,632). The Company does not pay dividends.

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Going Concern

In accordance with their responsibilities, the directors of the Company have considered the appropriateness of the going concern basis, which has been used in the preparation of these financial statements. The Company's ultimate parent company, Nasdaq, Inc. has confirmed that they will continue to provide financial support to the Company for at least 12 months from the date of approval of these accounts. As a result, the Directors believe that the Company is well placed to manage its business risks.

The Directors have a reasonable expectation that the Company has adequate resources and support to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Disclosure of Information to the Auditors

So far as each director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditors are unaware. The directors 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 Company's auditors are aware of that information.

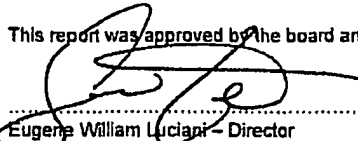
Post balance sheet events

The Company does not have reportable post balance sheet events.

Change of auditors

The Company engaged the accounting firm Berg Kaprow Lewis LLP to replace Pricewaterhouse Coopers (PwC), auditors of the 2017 financial statements, due to an independence conflict arising from professional services provided by PwC for Nasdaq, Inc, the ultimate parent of the Company.

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



.....
Eugene William Luciani - Director

Date: September 26, 2019

Independent auditors' report to the members of eVestment Alliance (UK) Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of eVestment Alliance (UK) Limited (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the 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 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

EVESTMENT ALLIANCE (UK) LIMITED
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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Auditors' 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.

Berg Kaprow Lewis LLP.

Michael Wedge FCA (Senior Statutory Auditor)

for and on behalf of
Berg Kaprow Lewis LLP

Chartered Accountants & Statutory Auditors

London

Date: *30 September 2019.*

EVESTMENT ALLIANCE (UK) LIMITED
Registered number: 06736355

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

| | Note | 2018 £ | As restated 2017 £ |
|--|------|------------------|--------------------------|
| Turnover | 4 | 9,053,695 | 8,060,118 |
| Administrative expenses | | (9,448,589) | (6,366,026) |
| Other operating income | | <u>-</u> | <u>806</u> |
| Operating Profit | 5 | (394,894) | 1,694,898 |
| Interest receivable and similar income | 6 | <u>13,200</u> | <u>366</u> |
| PROFIT BEFORE TAXATION | | (381,694) | 1,695,264 |
| Tax on profit | 10 | <u>191,418</u> | <u>(76,632)</u> |
| PROFIT FOR THE FINANCIAL YEAR | | <u>(190,276)</u> | <u>1,618,632</u> |

There was no other comprehensive income for 2018 and 2017 other than those disclosed in the statement of comprehensive income.

EVESTMENT ALLIANCE (UK) LIMITED
Registered number: 06736355

BALANCE SHEET

AS AT 31 DECEMBER 2018

| | | 2018 | As restated 2017 |
|---|-------------|-------------------------|---------------------------------|
| | Note | £ | £ |
| FIXED ASSETS | | | |
| Tangible assets | 11 | 51,856 | 171,675 |
| Investments | 12 | <u>2,333,350</u> | <u>2,333,350</u> |
| | | <u>2,385,206</u> | <u>2,505,025</u> |
| CURRENT ASSETS | | | |
| Debtors: amounts falling due after more than 1 year | 13 | 1,324,535 | 1,187,898 |
| Debtors: amounts falling due within 1 year | 13 | 3,844,692 | 3,781,864 |
| Cash at bank and in hand | | <u>7,851,912</u> | <u>2,329,821</u> |
| | | 13,021,139 | 7,299,583 |
| CREDITORS | | | |
| Amounts falling due within one year | 14 | <u>(12,625,656)</u> | <u>(6,822,481)</u> |
| NET CURRENT ASSETS | | <u>395,483</u> | <u>477,102</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 2,780,689 | 2,982,127 |
| PROVISION FOR LIABILITIES | | | |
| Deferred taxation | 15 | <u>(8,816)</u> | <u>(19,977)</u> |
| NET ASSETS | | <u><u>2,771,873</u></u> | <u><u>2,962,150</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 17 | 1 | 1 |
| Profit and loss account | | <u>2,771,872</u> | <u>2,962,149</u> |
| TOTAL SHAREHOLDERS' FUNDS | | <u><u>2,771,873</u></u> | <u><u>2,962,150</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Eugene William Luciani – Director

Date: September 26, 2019

EVESTMENT ALLIANCE (UK) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Called up share capital | Profit and loss account | Total shareholders' funds |
|--|------------------------------------|------------------------------------|--|
| | £ | £ | £ |
| At 1 January 2018 (as restated) | 1 | 2,962,148 | 2,962,149 |
| Comprehensive income for the year | | | |
| Profit for the financial year | - | (190,276) | (190,276) |
| Total comprehensive income for the year | - | (190,276) | (190,276) |
| At 31 December 2018 | 1 | 2,771,872 | 2,771,873 |

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

| | Called up share capital | Profit and loss account | Total shareholders' funds |
|--|------------------------------------|------------------------------------|--|
| | £ | £ | £ |
| At 1 January 2017 (as previously stated) | 1 | 838,493 | 838,494 |
| Prior year adjustment (note 22) | - | 505,023 | 505,023 |
| At 1 January 2017 (as restated) | 1 | 1,343,516 | 1,343,517 |
| Comprehensive income for the year | | | |
| Profit for the financial year (as previously stated) | - | 691,623 | 691,623 |
| Prior year adjustment (note 22) | - | 927,009 | 927,009 |
| Profit for the financial year (as restated) | - | 1,618,632 | 1,618,632 |
| Total comprehensive income for the year | - | 1,618,632 | 1,618,632 |
| At 31 December 2017 (as restated) | 1 | 2,962,148 | 2,962,149 |

EVESTMENT ALLIANCE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

Evestment Alliance (UK) Limited's principal activity in the year under review was that of a web-based comprehensive investment information and analytic technology.

The Company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Woolgate Exchange, 25 Basinghall Street, London, EC2V 5HA.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 ("FRS 102") the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

3. ACCOUNTING POLICIES

3.1 Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3.17).

The following principal accounting policies have been applied consistently throughout the year:

3.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as the Company is considered to be a qualifying entity:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Nasdaq Inc. as at 31 December 2018 and these financial statements may be obtained from the Group's website www.nasdaq.com.

3.3. Consolidation Exemption

The Company is a wholly-owned subsidiary of Evestment Inc whose parent company is Nasdaq, Inc. The Company is included in the consolidated financial statements of Nasdaq, Inc. which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of Companies Act 2006.

3.4 Going concern

Evestment Alliance (UK) Limited has received written confirmation from its ultimate controlling party, Nasdaq, Inc., that it will continue to provide financial support to the Company for a period of at least 12 months from the date of signing of these financial statements. For these reasons, the directors continue to adopt the going concern basis in preparing the annual report and financial statement.

EVESTMENT ALLIANCE (UK) LIMITED

3.5 Turnover

The Company derives its revenue primarily through fees from subscription agreements with customers that are mostly annual in term, payable in advance, contain no rights of return or cancellation and provide for automatic renewal. Subscription revenues are recognised ratably over the contract terms beginning on the commencement date of each contract. Amounts that have been invoiced are recorded in accounts receivable and in deferred revenue or revenue, depending on whether the revenue recognition criteria have been met.

3.6 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

| | |
|--|------------------------------|
| Improvements to short leasehold property | - over the life of the lease |
| Plant and machinery | - 3-5 years |

3.7 Operating leases: Lessee

Leases that do not transfer all risk and rewards of ownership are classified as operating leases. Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

3.8 Debtors

Trade debtors are measured at the transaction price, and adjusted for foreign exchange.

3.9 Capitalization of commissions

As at 1 January 2018, the company changed the accounting treatment of sales commissions which were previously recognized in the profit or loss.

The change in accounting policy was applied retrospectively and was done to align the company's accounting policies to those of the ultimate parent undertaking, Nasdaq, Inc.

From 1 January 2018, sales commissions paid by the company on the first annual contract obtained with each client will be recognized as an asset and released to the profit or loss over five years.

The Balance Sheet and Income Statement as of December 31, 2018 and December 31, 2017 have been adjusted to reflect retrospective application of the new accounting standard as follows:

| 31 December 2017 | As Previously Reported | Adjustments | As Adjusted |
|--------------------|---------------------------|-------------|-------------|
| Commission Asset | - | 1,544,995 | 1,544,995 |
| Commission Expense | 1,265,585 | (1,039,971) | 225,614 |
| 31 December 2018 | As Previously Reported | Adjustments | As Adjusted |
| Commission Asset | - | 1,814,638 | 1,814,638 |
| Commission Expense | 1,037,663 | (632,637) | 405,026 |

3.10 Cash and cash equivalents

The Company considers deposits that can be redeemed on demand and investments that have maturities of less than three months when purchased to be cash equivalents.

EVESTMENT ALLIANCE (UK) LIMITED

3.11 Creditors

Short term creditors are measured at the transaction price, and adjusted for foreign exchange.

3.12 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Assets and liabilities in foreign currencies are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are recognized in profit or loss.

3.13 Investments

Investments in a subsidiary company is held at cost less accumulated impairment losses, if any.

3.14 Employee Benefits

Defined contribution pension plan

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charge to the profit and loss account in the period to which they relate.

Share based payments

Upon acquisition of eVestment, Inc. by Nasdaq, Inc. on October 23, 2017, the share based payment scheme was ended and Nasdaq acquired all outstanding grants from employees. In 2018, employees did not participate in any share based payment scheme.

3.15 Provisions for liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

3.16 Taxation

The tax expense for the year is comprised of current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except for any change attributable to items that are already recognised as other comprehensive income or equity.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

EVESTMENT ALLIANCE (UK) LIMITED

3.16 Taxation - continued

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3.17 Critical Accounting Judgements and Estimation Uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In the view of the directors there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Company has chosen not to impair the investment in its subsidiary, TopQ Software, based on the value of the software to the company on sales worldwide.

The Company estimates 5 years to be the average benefit of the revenue stream from a new contract won. As a result, sales commission and other costs of obtaining contracts for new business have been capitalized and amortized over 5 years.

4. TURNOVER

The Company's turnover relates solely to the principal activity of the Company and arose wholly within the United Kingdom.

5. OPERATING PROFIT

Operating profit is stated after charging,

| | 2018 | 2017 |
|------------------------------|-------------|-------------|
| | £ | £ |
| Depreciation - owned assets | 68,997 | 84,783 |
| Auditors' remuneration | 15,600 | 16,000 |
| Foreign exchange differences | 25,665 | (88,438) |
| Pension costs | 133,028 | 241,010 |
| Operating Lease | 123,400 | 246,800 |

6. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2018 | 2017 |
|--------------------------|---------------|-------------|
| | £ | £ |
| Deposit account interest | <u>13,200</u> | <u>366</u> |

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7. AUDITORS' REMUNERATION

| | 2018 | 2017 |
|---|---------------|---------------|
| | £ | £ |
| Fees payable to the Company's auditors for the audit of the Company's annual financial statements | <u>15,600</u> | <u>16,000</u> |
| Fees payable to the Company's auditors in respect of: | | |
| All other services | <u>4,100</u> | <u>41,000</u> |

8. EMPLOYEES

Staff costs were as follows:

| | 2018 | 2017 |
|-----------------------|-------------------------|-------------------------|
| | £ | £ |
| Wages and salaries | 3,712,105 | 2,731,171 |
| Social security costs | 518,761 | 780,450 |
| Other Pension Costs | <u>133,028</u> | <u>241,010</u> |
| | <u><u>4,363,894</u></u> | <u><u>3,752,632</u></u> |

The monthly average number of employees, including the directors, during the year was as follows:

| | 2018 | 2017 |
|------------------|------------------|------------------|
| | Number | Number |
| Management | 13 | 14 |
| Sales | 13 | 11 |
| Customer Support | 19 | 19 |
| Technology | <u>15</u> | <u>11</u> |
| | <u><u>60</u></u> | <u><u>55</u></u> |

9. DIRECTORS' EMOLUMENTS

For the year to 31 December 2018, the directors' emoluments were incurred by Evestment Inc. The directors of the Company are remunerated in respect of executive management services to the group as a whole. As a result it is not possible to make an accurate apportionment of their emoluments in respect of the subsidiaries.

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10. TAX ON PROFIT

Analysis of the tax charge

The tax charge (credit) on profit on ordinary activities for the period was as follows:

| | 2018 £ | As restated 2017 £ |
|--|-------------------------|--------------------------|
| Current tax: | | |
| UK corporation tax on profits for the period | - | 231,759 |
| UK corporation tax on profits for the prior period | <u>(126,700)</u> | <u>101,005</u> |
| Total current tax | <u>(126,700)</u> | <u>332,764</u> |
| Deferred tax: | | |
| Origination and reversal of timing differences | (64,718) | (265,105) |
| Effect of changes in tax rates | <u>-</u> | <u>8,973</u> |
| Total deferred tax | <u>(64,718)</u> | <u>(256,132)</u> |
| Total tax per income statement | <u>(191,418)</u> | <u>76,632</u> |

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19% (2017 – 19.25%).

The charge (credit) for the period can be reconciled to the profit per the income statement as follows:

| | 2018 £ | As restated 2017 £ |
|---|-------------------------|--------------------------|
| Profit for the period | <u>(381,694)</u> | <u>1,695,264</u> |
| Tax on profit at standard UK tax rate of 19% (2017: 19.25%) | (72,522) | 326,338 |
| Effects of: | | |
| Expenses not deductible | 8,062 | 5,506 |
| Fixed asset differences | 30,800 | - |
| Effects of group relief | - | (176,953) |
| Other timing differences | (31,058) | (188,237) |
| Tax rate changes | - | 8,973 |
| Adjustment relating to previous periods | <u>(126,700)</u> | <u>101,005</u> |
| Tax charge (credit) for the period | <u>(191,418)</u> | <u>76,632</u> |
| Income tax expense reported in the income statement | <u>(191,418)</u> | <u>76,632</u> |

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11. TANGIBLE ASSETS

| | Improvements to short leasehold property £ | Plant and Machinery £ | Totals £ |
|---------------------------------|--|-----------------------------|------------------|
| Cost | | | |
| At 1 January 2018 | 266,750 | 135,791 | 402,541 |
| Additions | - | 7,802 | 7,802 |
| Disposals | <u>(266,750)</u> | <u>-</u> | <u>(266,750)</u> |
| At 31 December 2018 | <u>-</u> | <u>143,593</u> | <u>143,593</u> |
| Accumulated Depreciation | | | |
| At 1 January 2018 | 146,712 | 84,154 | 230,866 |
| Charge for year | 61,287 | 7,583 | 68,870 |
| Disposals | <u>(207,999)</u> | <u>-</u> | <u>(207,999)</u> |
| At 31 December 2018 | <u>-</u> | <u>91,737</u> | <u>91,737</u> |
| Net book value | | | |
| At 31 December 2018 | <u>-</u> | <u>51,856</u> | <u>51,856</u> |
| At 31 December 2017 | <u>120,038</u> | <u>51,637</u> | <u>171,675</u> |

12. INVESTMENTS

The Company's investments at the Balance Sheet date in the share capital of companies include the following:

TopQ Software Limited, Registered Number SC 434147
 23 Silvermills Court, Ground Floor, Henderson Place Lane, Edinburgh EH3 5DG
 Nature of business: Software development

| | 2018 % | 2017 % |
|-----------------|-----------|-----------|
| Class of shares | holding | holding |
| Ordinary | 100.00 | 100.00 |

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12. INVESTMENTS - continued

Investment in TopQ Software Limited, Registered Number SC 434147

| | Shares in group undertakings £ 2018 | Shares in group undertakings £ 2017 |
|----------------|---|---|
| Cost | <u>2,333,350</u> | <u>2,333,350</u> |
| Net book value | <u>2,333,350</u> | <u>2,333,350</u> |

13. DEBTORS

| | 2018 £ | As restated 2017 £ |
|--|------------------|--------------------------|
| Due after more than 1 year prepayments | <u>1,324,535</u> | <u>1,187,898</u> |
| Due within 1 year | | |
| Trade Debtors | 2,587,526 | 1,933,465 |
| Amounts due from group undertakings | - | 931,721 |
| Deferred Tax Asset | 316,206 | 262,649 |
| Other Debtors | 294,388 | 166,320 |
| Prepayments and Accrued Income | <u>646,572</u> | <u>487,709</u> |
| | <u>3,844,692</u> | <u>3,781,864</u> |

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

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 £ | As restated 2017 £ |
|------------------------------------|-------------------|--------------------------|
| Trade Creditors | 10,528 | 105,137 |
| Amounts owed to group undertakings | 4,135,851 | - |
| Other Creditors | 193,051 | 400,472 |
| Deferred Tax Liability | 301,199 | 301,199 |
| Taxation and Social Security | 359,135 | 285,730 |
| Accruals and deferred income | <u>7,741,391</u> | <u>5,729,943</u> |
| | <u>12,741,155</u> | <u>6,822,481</u> |

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

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15. DEFERRED TAX

| | 2018 £ | 2017 £ |
|----------------------|----------------|-----------------|
| At beginning of year | (19,977) | (19,977) |
| Utilised in year | 11,161 | - |
| At end of year | <u>(8,816)</u> | <u>(19,977)</u> |

The provision for deferred taxation is made up as follows:

| | 2018 £ | 2017 £ |
|-----------------|----------------|-----------------|
| Pension surplus | (8,816) | (19,977) |
| | <u>(8,816)</u> | <u>(19,977)</u> |

Deferred tax of £8,816 is expected to reverse in 2019.

16. OPERATING LEASE COMMITMENTS

Effective August 31, the Company negotiated assignment of a non-cancellable operating lease at 60 Fenchurch to West Corporation. The accounts reflect a loss realized in the amount of £101,038 on the disposition of leasehold improvements and office furniture. Likewise, the company assumed the lease of it's subsidiary, TopQ Software Limited. The assumed lease expires June 15, 2021.

| | 2018 £ | 2017 £ |
|---|---------------|----------------|
| Expiring: | | |
| Not later than one year | 29,800 | 246,800 |
| Later than 1 year and less than 5 years | <u>43,428</u> | <u>294,568</u> |
| | <u>73,228</u> | <u>541,368</u> |

17. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: Number: | Class: | Nominal value: | 2018 £ | 2017 £ |
|---|----------|-------------------|-----------|-----------|
| 100 (2018:100) | Ordinary | 0.01 | <u>1</u> | <u>1</u> |

EVESTMENT ALLIANCE (UK) LIMITED

18. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £133,028 (2017 - £241,010) . Contributions totalling £45,402 (2017 - £3,368) were payable to the fund at the reporting date and are included in creditors.

19. RELATED PARTY TRANSACTIONS

During the year, a management charge of £3,140,718 was debited in favour of Evestment Inc, the parent company, (2017: £965,096), based on a cost plus agreement. As at December 31 2018, the Company owed the parent £4,135,851 (2017: £931,721 owed by the parent).

20. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

Nasdaq Inc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. Nasdaq, Inc is the ultimate controlling party and is incorporated in the United States of America.

21. EVENTS AFTER THE REPORTING YEAR

There were no subsequent events past year end.

22. PRIOR YEAR ADJUSTMENT

Due to the change in accounting policy described in detail in note 3.9, the comparative financial information previously reported was restated as follows:

- Brought forward retained earnings as at 1 December 2016 was increased by £505,023;
- Expenditure of £1,039,971 previously included in the Income Statement for the year ended 31 December 2017 was reclassified to other debtors as at 31 December 2017;
- An additional corporation tax liability of £301,199 was recognised in the income statement for the year ended 31 December 2017 and as a creditor as at 31 December 2017; and
- An additional deferred tax credit of £188,237 was recognised in the Income Statement for the year ended 31 December 2017 and as an asset as at 31 December 2017.

The cumulative effect of the above adjustments was to increase previously reported profits for the year ended 31 December 2017 by £1,432,032 and increase previously reported net assets by £1,432,032.