

Company Number: 07508665

ABIDE FINANCIAL LTD
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2019

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ABIDE FINANCIAL LTD

Company profile and information

Profile

Abide Financial Ltd (the 'Company') is a wholly owned indirect subsidiary of CME Group Inc. (the 'Group') and is consolidated in the CME Group accounts. The Company is incorporated and domiciled in England and Wales and is a private company limited by shares.

The Company provides regulatory reporting services to market participants to aid compliance with reporting obligations.

Directors

The directors of the Company, who held office during the period and up to the date of signing the financial statements were:

K Cronin	(appointed 6 August 2019, resigned 8 January 2021)
J Davies	
A Seaman	(appointed 6 August 2019)
D Ireland	(appointed 29 April 2019, resigned 6 August 2019)

Registered Office

London Fruit and Wool Exchange
1 Duval Square
London
E1 6PW

Registration Number

07508665

ABIDE FINANCIAL LTD

Strategic Report for the period 1 April 2019 to 31 December 2019

Company Number: 07508665

The directors present their Strategic Report and the audited financial statements of Abide Financial Ltd (the 'Company') for the period ended 31 December 2019.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

In May 2020, the directors announced the intention to wind-down the commercial operations of the Company. The directors intend to place the Company into Members Voluntary Liquidation ("MVL") by September 2021, once any remaining liabilities for the Company have been settled.

RESULTS

The results of the Company are set out in the profit and loss account on page 7.

The loss for the financial period of £22,423,000 (31 March 2019: loss of £13,961,000) has been transferred to reserves.

The net liabilities of the Company are £37,687,000 (31 March 2019: net liabilities of £16,742,000).

CAPITAL MANAGEMENT

The Company had no regulatory requirements during the year.

PRINCIPAL RISKS AND UNCERTAINTIES

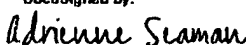
The principal risks and uncertainties of the Company are integrated with the principal risks and uncertainties of the Group and are not managed separately. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's annual report for the period ended 31 December 2019, which does not form part of this report.

For the Company, Brexit will not have a direct impact on its current operations, revenue or existing customers as most of its customer base is mainly residing in London and US. COVID-19 risks and uncertainties have been discussed in the Going Concern section of the Directors Report for the Company.

KEY PERFORMANCE INDICATORS

The directors of the Group manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The key performance indicators of the Group, which includes the Company, are discussed in the Group's annual report for the period ended 31 December 2019, which does not form part of this report.

This report has been approved by the board of directors and signed on behalf of the board:

DocuSigned by:

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Adrienne Seaman
Director

5 March 2021

ABIDE FINANCIAL LTD

Directors' Report for the period 1 April 2019 to 31 December 2019

The directors present their annual report and the audited financial statements of the Company for the period.

PRINCIPAL ACTIVITIES

The Company provides regulatory reporting services, helping market participants ensure that they are compliant with evolving reporting obligations. The Company acts as a reporting hub for European Market Infrastructure Regulation ('EMIR') and as an Approved Reporting Mechanism ('ARM') for Markets in Financial Instruments Directive ('MiFID').

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The business review and future developments of the Company are detailed in the Strategic Report.

PLAN TO LIQUIDATE

The directors intend to place the Company in MVL by September 2021. CME Group Inc., the Company's ultimate parent, has agreed to support the Company throughout this period to ensure that all external creditors are paid. In these circumstances it is not appropriate to prepare the financial statements on a going concern basis, as the directors intend to place the Company into MVL by September 2021. As the Company has ceased its operations in November 2020 and plans to realize its assets in an orderly fashion, the directors have determined that other than providing for future losses to be incurred in ceasing the Company's operations (see note 2 and note 17), the assets and liabilities have been measured at their estimated realizable amounts and estimated settlement amounts, respectively.

Unprecedented market conditions caused by the COVID-19 health crisis in 2020, dramatically affected nearly every aspect of the global economy with both economic uncertainty and market volatility. The unpredictable nature of the pandemic with the new variants in the virus are taking the pandemic to a new phase. The pandemic will not impact management's decision to wind down the Company.

DIVIDENDS

No dividends were paid during the period (31 March 2019: nil). The Directors do not recommend any further dividends for the period.

INDEPENDENT AUDITORS

Ernst & Young LLP have held office as auditor of the Company for the period.

PROVISION OF INFORMATION TO THE AUDITORS

Each of the persons who is a director at the date of approval of this annual report confirms that:

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

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

DIRECTORS' INDEMNITIES

The company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

ABIDE FINANCIAL LTD

Statement of Directors' responsibilities for the period 1 April 2019 to 31 December 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

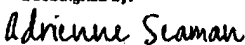
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. For the reasons stated in the Directors' Report, note 1 and note 17, the financial statements of the Company have been prepared on a basis other than going concern as the Company is not a going concern.

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

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report has been approved by the board of directors and signed on behalf of the board:

DocuSigned by:

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Adrienne Seaman
Director

5 March 2021

ABIDE FINANCIAL LTD

Independent Auditors' Report to the members of Abide Financial Ltd

Opinion

We have audited the financial statements of Abide Financial Limited for the period ended 31 December 2019 which comprise the Profit and Loss Account, the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 17, 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the period 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 Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Financial Statements Prepared On A Basis Other Than Going Concern

We draw attention to note 1 of the financial statements which explains the directors' plan to liquidate the company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis as described in note 1. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 4, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

ABIDE FINANCIAL LTD

Independent Auditors' Report to the members of Abide Financial Ltd

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Ernst & Young LLP

Simon Michaelson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 8th March 2021

ABIDE FINANCIAL LTD**Profit and Loss Account for the period ended 31 December 2019**

	<u>Note</u>	<u>Period ended</u> <u>31/12/2019</u> £'000	<u>Year ended</u> <u>31/03/2019</u> £'000
Turnover		8,588	9,342
Impairment of investment in subsidiaries	9	(811)	(536)
Administrative expenses	3	(34,992)	(25,750)
Other operating income		91	2
Operating loss		<u>(27,124)</u>	<u>(16,942)</u>
Interest payable and similar expenses	6	(106)	(127)
Loss before taxation		<u>(27,230)</u>	<u>(17,069)</u>
Tax on loss	7	4,807	3,108
Loss for the financial period/year		<u><u>(22,423)</u></u>	<u><u>(13,961)</u></u>

The loss of the Company for the period/year is derived from discontinued operations.

The notes on pages 11 to 24 are an integral part of these financial statements.

ABIDE FINANCIAL LTD**Statement of Comprehensive Income for the period ended 31 December 2019**

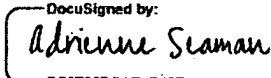
	<u>Period ended</u> <u>31/12/2019</u> £'000	<u>Year ended</u> <u>31/03/2019</u> £'000
Loss for the financial period/year	(22,423)	(13,961)
Other comprehensive income	-	-
Total comprehensive loss for the period / year	<u>(22,423)</u>	<u>(13,961)</u>

The notes on pages 11 to 24 are an integral part of these financial statements.

ABIDE FINANCIAL LTD
Balance Sheet as at 31 December 2019

	<u>Note</u>	<u>As at</u> <u>31/12/2019</u> £'000	<u>As at</u> <u>31/03/2019</u> £'000
Non-current assets			
Intangible assets	10	-	1
Property, plant and equipment	11	-	111
Investments in subsidiaries	9	-	487
Deferred tax asset	8	-	18
		<u>-</u>	<u>617</u>
Current assets			
Investments in subsidiaries	9	1,123	-
Deferred tax asset	8	214	-
Debtors	12	3,323	2,766
Cash at bank and in hand		502	1,015
Tax receivable	7	4,606	3,108
		<u>9,768</u>	<u>6,889</u>
Total assets		<u>9,768</u>	<u>7,506</u>
Current liabilities			
Creditors: amounts falling due within one year	13	(47,455)	(24,127)
		<u>(47,455)</u>	<u>(24,127)</u>
Non-current liabilities			
Creditors: amounts falling due after more than one year	14	-	(121)
		<u>-</u>	<u>(121)</u>
Total liabilities		<u>(47,455)</u>	<u>(24,248)</u>
Net liabilities		<u>(37,687)</u>	<u>(16,742)</u>
Capital and Reserves			
Share capital	15	1,716	281
Share premium account		2,369	2,369
Employee share option reserve		46	3
Accumulated losses		(41,818)	(19,395)
Shareholders' deficit		<u>(37,687)</u>	<u>(16,742)</u>

The financial statements and accompanying notes on pages 11 to 24 were authorised by the board of directors on 5 March 2021 and were signed on its behalf by:

DocuSigned by:

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Adrienne Seaman
 Director

ABIDE FINANCIAL LTD**Statement of Changes in Equity for the period ended 31 December 2019**

	Notes	<u>Share capital</u> (note 15) £'000	<u>Share premium account</u> £'000	<u>Employee share option reserve</u> £'000	<u>Retained earnings/ (Accumulated losses)</u> £'000	<u>Total equity</u> £'000
As at 31 March 2018		281	2,369	-	(5,434)	(2,784)
Movement in employee share option reserve		-	-	3	-	3
Loss for the financial year		-	-	-	(13,961)	(13,961)
As at 31 March 2019		281	2,369	3	(19,395)	(16,742)
Share issue	15	1,435	-	-	-	1,435
Movement in employee share option reserve		-	-	43	-	43
Loss for the financial period		-	-	-	(22,423)	(22,423)
As at 31 December 2019		1,716	2,369	46	(41,818)	(37,687)

Share capital

Called up share capital includes the nominal value of the proceeds on issue of the Company's share capital as detailed in note 15.

Employee share option reserve

Employee share option reserve relates to a share based payment reserve. The share based payment reserve is recognised in accordance with "IFRS 2 Share-based payments".

The notes on pages 11 to 24 are an integral part of these financial statements.

ABIDE FINANCIAL LTD

Notes to the financial statements for the period ended 31 December 2019

1. PRINCIPAL ACCOUNTING POLICIES

a) Basis of preparation

The financial statements of the Company have been prepared for the 9 months from 1 April 2019 to 31 December 2019. The company aligned its accounting reporting reference date with the CME Group Inc for consistency purposes. Therefore, the amounts presented in the financial statements are not entirely comparable as prior period covered a period of 12 months to 31 March 2019.

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101), the Companies Act 2006 (the Act) as applicable to companies using FRS 101 and under the historic cost convention as modified by the revaluation of certain financial instruments. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ('IFRS'). The accounting standards have been applied consistently, other than where new standards have been adopted.

Per the FRS 101 Reduced Disclosure Framework, the Company is eligible to adopt the following qualifying exemptions:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7 'Financial instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- The following paragraphs of IAS 1 'Presentation of financial statements'
 - i) Paragraph 10(d) of IAS 1 (statement of cash flows)
 - ii) Paragraph 16 (statement of compliance with all IFRS)
 - iii) Paragraph 38A (requirement for minimum of two primary statements, including cash flow statements)
 - iv) Paragraph 38B-D (additional comparative information)
 - v) Paragraph 11 (cash flow statement information)
 - vi) Paragraph 134-136 (capital management disclosures)
- IAS 7 'Statement of cash flows'
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24 'Related party disclosures' (key management compensation)
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group
- Financial risk management disclosure, per 7Sch 6 of the Companies Act 2006
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from contracts with customers'

b) Plan to Liquidate

The directors intend to place the Company in MVL by September 2021. CME Group Inc., the Company's ultimate parent, has agreed to support the Company throughout this period to ensure that all external creditors are paid. Therefore, the financial statements were prepared under a basis other than going concern. Under this basis, the assets are measured at estimated realizable amount, and the liabilities at estimated settlement amount. Provision for future losses arising from the plan to liquidate the Company were made.

Investments in subsidiaries and deferred tax asset have been transferred from non-current to current assets. Investments in subsidiaries have also been adjusted to their current net asset value which includes provision for all expected future losses. Plant and equipment have been written down to nil. All other assets are realizable at their originally recognized amounts such that no other impairments or write downs were required. However, adjustments have been made to provide for an estimate of any further liabilities expected to arise until the Company is placed in MVL. These estimates are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances and are continually re-evaluated.

ABIDE FINANCIAL LTD

Notes to the financial statements for the period ended 31 December 2019

b) *Plan to Liquidate (continued)*

Unprecedented market conditions caused by the COVID-19 health crisis in 2020, dramatically affected nearly every aspect of the global economy with both economic uncertainty and market volatility. The unpredictable nature of the pandemic with the new variants in the virus are taking the pandemic to a new phase. The pandemic will not impact management's decision to wind down the Company.

c) *Accounting developments*

There is one new standard effective for the first time for the period: IFRS 16 'Leases'.

In January 2016, the International Accounting Standards Board ('IASB') published the financial reporting standard IFRS 16, which replaces IAS 17 'Leases' and other related interpretations on leases including IFRIC 4 'Determining whether an arrangement contains a lease', SIC-15 'Operating leases – Incentives' and SIC-27 'Evaluating the substance of transactions in the legal form of a lease'.

This new standard is not relevant or applicable for this entity, therefore NIL impact.

d) *Turnover*

Revenue is generated from the provision of services to customers through a centralized Hub for the ingestion and processing of transactional data, and subsequent transmission to Trade Repositories.

Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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

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

e) *Pension costs*

The Company's employees participate in a defined contribution pension scheme and the Company's contributions to the scheme are charged to the profit and loss account on an accruals basis.

f) *Borrowing costs*

All borrowing costs are expensed as interest payable and similar charges in the profit and loss account using the applicable effective interest rate.

g) *Tax*

Tax on the profit for the period comprises both current and deferred tax as well as adjustments in respect of prior years. Tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the current and deferred tax is also accounted for in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted, or substantially enacted by the balance sheet date.

Deferred tax is recognised using the liability method, in respect of all temporary differences between the carrying value of assets and liabilities for reporting purposes and the tax bases of the assets and liabilities. Deferred tax is calculated at the rate of tax expected to apply when the liability is settled, or the asset is realised. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Calculations of current and deferred tax liability have been based on ongoing discussions with the relevant tax authorities, management's assessment of legal and professional advice, case law and other relevant guidance. Where the expected tax outcome of these matters is different from the amounts that were recorded initially, such differences will impact the current and deferred tax amounts in the period in which a reassessment of the liability is made.

ABIDE FINANCIAL LTD**Notes to the financial statements for the period ended 31 December 2019***h) Investments in subsidiaries*

Due to plans to wind down the Company and going concern status no longer being appropriate to these financial statements, investments in subsidiaries are no longer recorded at historical cost less provision for any impairment in their values. They are now measured at net realizable value.

A subsidiary is an entity over which the Company has control. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

*i) Foreign currencies**i) Functional and presentational currency*

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in British pounds (£), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences are taken to the profit and loss account, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are taken directly to profit and loss account. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

j) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits, which are subject to insignificant risk of change in value and are readily convertible into a known amount of cash with less than three months maturity.

k) Property, plant and equipment

Property, plant and equipment were stated at historical cost, less provision for any impairment in its value and accumulated depreciation. Property, plant and equipment were depreciated on a straight line basis over its expected useful economic life as follows:

Fixtures, fittings and equipment	3-5 years
Short leasehold	5-10 years

The Company reviewed its depreciation policy regularly to take account of any changes in circumstances. These rates were determined upon consideration of factors such as the expected rate of technological development and anticipated usage levels. Depreciation was charged against assets from the date at which the Company begins to derive economic benefit from the asset. However due to plans to wind down the Company and going concern status no longer being appropriate to these financial statements, these assets have been written down to nil.

At each balance sheet date, the Company reviewed the carrying amounts of its tangible and intangible assets to determine whether there was any indication that those assets have suffered an impairment loss. If any such indication existed, the recoverable amount of the asset was estimated to determine the extent of the impairment loss (if any). Where the asset did not generate cash flows that are independent from other assets, the Company estimated the recoverable amount of the cash-generating unit to which the asset belonged.

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

However due to plans to wind down the Company and going concern status no longer being appropriate to these financial statements, these assets have been written down to nil.

ABIDE FINANCIAL LTD

Notes to the financial statements for the period ended 31 December 2019

1) *Financial assets*

The Company classifies its financial assets as financial assets held at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Recognition*

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets held at amortised cost consist of loans and receivables which are non-derivative financial instruments that have a fixed or easily determined value. They are subsequently carried at amortised cost using the effective interest method, less any impairment.

(ii) *De-recognition*

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(iii) *Impairment of financial assets*

The Company is required to recognise expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost and financial assets at fair value through other comprehensive income.

At the reporting date, an allowance is required for the 12-month (Stage 1) ECLs. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance should be recognised for the lifetime ECLs.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, representing the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

The measurement of ECL is calculated using three main components: probability of default (PD), loss given default (LGD) and the exposure at default (EAD).

The 12 month and lifetime ECLs are calculated by multiplying the respective PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event.

The LGD represents expected losses on the EAD given the event of default, taking into account, among other characteristics, the time value of money.

The Company assumes that the credit risk of a financial asset has increased significantly when:

- there has been an increase in the lifetime probability of default or if the financial asset; or
- the financial assets are more than 30 days past due (backstop indicator)

ABIDE FINANCIAL LTD

Notes to the financial statements for the period ended 31 December 2019

1) Financial assets (continued)

The Company considers a financial asset to be in **default** when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held) or
- the borrower has defaulted on another balance within the Group or
- the financial asset is more than 90 days past due, with an exemption applied for trade receivables and intercompany receivables for which default is determined on a case by case basis. The Company considers factors such as historical information as a base from which to measure expected credit losses and applies current observable data to reflect the effects of the current conditions

The Company will apply the **general approach** to all financial assets in scope for IFRS 9 impairment framework, with the exception of trade receivables, where the Company applied the **simplified approach**, with a lifetime expected credit loss.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, ageing profile, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The **maximum period** considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

Forward looking - As a macroeconomic variable, real UK GDP growth was identified to demonstrate a strong linear relationship with historical observed default rates. As per CME Group modelling policy, three PD term structures are used in the model: base case GDP growth rates, a plausible but optimistic case for GDP growth (upturn scenario) and a negative but plausible case of GDP growth (downturn scenario).

Loss allowances for financial assets measured at amortised cost are calculated as the difference between carrying value and the present value of any expected future cash flows, with any impairment being recognised in the profit and loss account. Subsequent recovery of amounts previously impaired are credited to the profit and loss account.

For debt securities at FVOCI, where applicable, the loss allowance is recognised in other comprehensive income, instead of reducing the carrying amount of the asset.

Impairment losses are presented under 'operating expenses' and not presented separately in the statement of profit or loss and other comprehensive income due to materiality considerations. When a trade receivable is determined to be uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Operating expenses' in the consolidated income statement.

Financial assets not held at fair value are impaired where there is objective evidence that the value may be impaired. The amount of the impairment is calculated as the difference between carrying value and the present value of any expected future cash flows, with any impairment being recognised in the profit and loss account. Subsequent recovery of amounts previously impaired are credited to the profit and loss account.

In the light of the current uncertainty resulting from the pandemic, the IASB issues guidance and requested that entities consider both the effects of covid-19 and the significant government support measures being undertaken. The Board recognised that it is likely to be difficult at this time to incorporate the specific effects on a reasonable and supportable basis due to the rapid changes and updated facts and circumstances. As such the management considered changes to the macroeconomic factors relevant to the business and applied these changes to the ECL model. The management continues to monitor as new information becomes available.

ABIDE FINANCIAL LTD

Notes to the financial statements for the period ended 31 December 2019

m) Financial liabilities

i) Recognition

Financial liabilities consist of creditors initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

ii) De-recognition

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

n) Share capital

Ordinary shares are classified as equity. Dividends are recognised as deductions from retained earnings in the period in which they are declared.

o) Share based payments

The Company engages in equity awards to employees of the Company, through the ultimate parent undertaking, CME Group Inc.

The fair value of the services received in respect of these share-based payments is determined by reference to the fair value of the share awards on the date of grant to the employee. The cost of the share-based payment is recognised in the profit and loss account on an accelerated basis over the vesting period of the grant, based on an estimate of the amount of instruments that will eventually vest. The charge in the profit and loss account is offset by an equal credit to other reserves.

The fair value measurement of restricted shares and performance stock awards is based on the closing stock price on the date of grant.

2. KEY ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The Company makes various judgements in applying its accounting policies and various assumptions and estimates, including about the future, when determining the carrying value of certain assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Company's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at 31 December 2019 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Company's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved:

1. The impairment review of investment in subsidiaries: due to plans to wind down the Company and going concern status no longer being appropriate to these financial statements, investments in subsidiaries are no longer recorded at historical cost less provision for any impairment in their values. They are now measured at net realizable value, which is equivalent to estimated realizable amount.
2. Impairment of trade debtors: where the financial asset is more than 90 days past due this is considered impaired, with some exemptions applied on a case by case basis. The Company considers factors such as historical information as a base from which to measure expected credit losses based on the current observable data to reflect the effects of the current conditions.
3. Provisions: As noted above the Company's financial statements are prepared on a basis other than as a going concern, including recognizing provision for those losses estimated to be incurred since 31 December 2019 until the Company has been placed in MVL. The estimated losses are based upon management's assessment of the timing and costs of actions to be undertaken in order to place the Company in MVL. The key uncertainty in estimating these costs relates to the timescale in which all liabilities will be settled.

ABIDE FINANCIAL LTD**Notes to the financial statements for the period ended 31 December 2019****3. ADMINISTRATIVE EXPENSES**

	<u>Period ended</u> <u>31/12/2019</u> £'000	<u>Year ended</u> <u>31/03/2019</u> £'000
Administrative expenses including the following:		
Wages and salaries and social security costs (note 4)	6,290	8,933
Other staff costs	167	210
Staff costs	<u>6,457</u>	<u>9,143</u>
Licence fees	1,830	2,574
Provision for future losses	15,872	-
Travel and entertainment	111	173
Rent and rates	8	97
Professional fees	479	2,169
Depreciation, amortisation and impairment	112	4,136
IT costs	2,177	2,681
Intercompany expenses	7,375	3,953
Other operating costs	<u>571</u>	<u>824</u>
	<u>34,992</u>	<u>25,750</u>

The fee paid to EY included within professional fees, for the statutory audit of the Company for the period ended 31 December 2019 was £45,000 (31 March 2019: £46,000).

4. SALARY AND PAYROLL COSTS

	<u>Period ended</u> <u>31/12/2019</u> £'000	<u>Year ended</u> <u>31/03/2019</u> £'000
Wages and salaries	5,739	8,094
Social security costs	533	783
Other pension costs	18	56
Wages and salaries and social security costs	<u>6,290</u>	<u>8,933</u>

The monthly average number of persons employed by the Company during the period was 61 (31 March 2019: 75).

ABIDE FINANCIAL LTD**Notes to the financial statements for the period ended 31 December 2019****5. DIRECTORS' REMUNERATION**

Remuneration payable to the directors in respect of their services to the Company was as follows:

	<u>Period ended</u> <u>31/12/2019</u>		<u>Year ended</u> <u>31/03/2019</u>	
	Total £'000	Highest paid director £'000	Total £'000	Highest paid director £'000
Aggregate emoluments	-	-	1,572	689
Contributions to defined contribution pension schemes	-	-	26	1
	<u>-</u>	<u>-</u>	<u>1,598</u>	<u>690</u>

During the year there were new director appointments and resignations and for the period ended 31 December 2019 the directors did not perform any qualifying services for the company.

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	<u>Period ended</u> <u>31/12/2019</u> £'000	<u>Year ended</u> <u>31/03/2019</u> £'000
Interest payable to Group companies	106	127
	<u>106</u>	<u>127</u>

ABIDE FINANCIAL LTD**Notes to the financial statements for the period ended 31 December 2019****7. TAX ON LOSS**

	<u>Period ended</u> <u>31/12/2019</u> £'000	<u>Year ended</u> <u>31/03/2019</u> £'000
a) Analysis of credit for the period/year		
Current tax:		
UK Corporation tax – current period/year	(4,606)	(3,105)
UK Corporation tax - prior year	(4)	15
	<u>(4,610)</u>	<u>(3,090)</u>
Deferred tax:		
Deferred tax – current period/year (note 8)	(196)	(18)
Deferred tax - prior year (note 8)	(1)	-
	<u>(197)</u>	<u>(18)</u>
	<u>(4,807)</u>	<u>(3,108)</u>
b) Factors affecting the tax charge for the period/year		
Loss before taxation	<u>(27,230)</u>	<u>(17,069)</u>
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (31 March 2019: 19%)	(5,174)	(3,243)
Effects of:		
Expenses not deductible for tax purposes	172	115
Deferred tax not recognised	176	-
Prior year adjustment - current tax	(4)	15
Prior year adjustment - deferred tax	(1)	-
Impact of change in rate for deferred tax	24	-
Deferred tax on fixed assets	-	5
	<u>367</u>	<u>135</u>
Tax credit for the period/year	<u>(4,807)</u>	<u>(3,108)</u>
Effective tax rate	18%	18%

On 11 March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020. The deferred tax balances included within the accounts have been calculated with reference to the rate of 17%, as required under International Financial Reporting Standard. However, following the substantive enactment of the rate of 19%, it is anticipated that the reversal of temporary differences will occur at this rate and that the maximum impact on the quantum of the net deferred tax asset recognised will be £25,217.

ABIDE FINANCIAL LTD**Notes to the financial statements for the period ended 31 December 2019****8. DEFERRED TAX ASSET**

The deferred tax asset was as follows:

	<u>As at</u> <u>31/12/2019</u> £'000	<u>As at</u> <u>31/3/2019</u> £'000
Capital allowances	37	18
Share based payments	7	-
Wind down provision	170	-
	<u>214</u>	<u>18</u>
	<u>2019</u> £'000	<u>2019</u> £'000
Beginning of the financial year (note 7)	18	-
Transferred to the income statement	196	-
Additions	-	18
As at 31 December 2019	<u>214</u>	<u>18</u>

Remuneration payments of £925,462 have been carried forward as losses on which deferred tax has not been recognised. The Company has carried forward losses totaling £3,061,847 as on 31 December 2019 (31 March 2019: £2,136,385) on which no deferred tax asset has been recognized.

9. INVESTMENTS IN SUBSIDIARIES

	<u>As at</u> <u>31/12/2019</u>	<u>As at</u> <u>31/3/2019</u>
Beginning of the financial year	487	519
Additions	1,447	504
Impairment *	(811)	(536)
End of the financial year	<u>1,123</u>	<u>487</u>

*The impairment relates to the write down of NEX Abide Trade Repository AB to its realizable value after wind down.

As at 31 December 2019, the Company's subsidiary companies were as follows:

Name	Country of incorporation	Percentage held (%)
Abide Financial DRSP Limited	England and Wales	100%
Abide Financial Repository Limited	England and Wales	100%
NEX Abide Trade Repository AB	Sweden	100%

The paid up share capital of the subsidiary companies listed above is held by the Company and these relate to ordinary shares. All subsidiaries are involved in regulatory services and have a 31 December year end. Each subsidiary operates in their country of incorporation. All subsidiaries incorporated in England and Wales have the registered office at CME Group Inc., London Fruit & Wool Exchange, 1 Duval Square, London, E1 6PW. NEX Abide Trade Repository AB has a registered office at Mäster Samuelsgatan 17, 111 44, Stockholm.

On 1 August 2019, NEX Abide Trade Repository AB issued 5,969,674 ordinary shares with a quotient value of €0.103736 each to Abide Financial Ltd for total consideration of €618,234.32 (£560,000).

On 28 October NEX Abide Trade Repository AB received a capital contribution of €1,000,000 (£884,000) from Abide Financial Limited.

ABIDE FINANCIAL LTD**Notes to the financial statements for the period ended 31 December 2019****10. INTANGIBLE ASSETS**

	<u>Capitalised development expenditure</u> £'000	<u>Work in progress</u> £'000	<u>Computer software</u> £'000	<u>Total</u> £'000
Cost				
As at 1 April 2019	4,609	54	17	4,680
As at 31 December 2019	4,609	54	17	4,680
Amortisation				
As at 1 April 2019	4,609	54	16	4,679
Charge for the year	-	-	1	1
Impairment charge for the year	-	-	-	-
As at 31 December 2019	4,609	54	17	4,680
Net book value				
As at 31 December 2019	-	-	-	-
As at 31 March 2019	-	-	1	1

11. PROPERTY, PLANT AND EQUIPMENT

	<u>Leasehold improvements</u> £'000	<u>Fixtures and fittings</u> £'000	<u>Equipment</u> £'000	<u>Total</u> £'000
Cost				
As at 31 March 2019	56	45	550	651
Additions	-	-	-	-
Disposals	-	-	-	-
As at 31 December 2019	56	45	550	651
Depreciation				
As at 1 April 2019	54	45	441	540
Charge for the year	-	-	-	-
Impairment charge for the period	2	-	109	111
As at 31 December 2019	56	45	550	651
Net book value				
As at 31 December 2019	-	-	-	-
As at 31 March 2019	2	-	109	111

ABIDE FINANCIAL LTD**Notes to the financial statements for the period ended 31 December 2019****12. DEBTORS**

	<u>As at</u> <u>31/12/2019</u> £'000	<u>As at</u> <u>31/3/2019</u> £'000
Current		
Trade debtors	1,635	1,343
ECL provision for trade debtors	(231)	(231)
Amounts owed by Group undertakings	614	135
Other debtors	368	28
Prepayments	-	518
Accrued income	937	973
	<u>3,323</u>	<u>2,766</u>

The majority of net trade debtors which are neither impaired nor past their normal settlement dates are held with high quality credit institutions. There is no recent history of debtor default.

As at 31 December 2019 the following trade debtors were unsettled:

	<u>As at</u> <u>31/12/2019</u> £'000	<u>As at</u> <u>31/3/2019</u> £'000
Less than 30 days, and not yet due	156	723
Less than 90 days, and past due date	618	232
Over 90 days and past due date	861	388
	<u>1,635</u>	<u>1,343</u>

ABIDE FINANCIAL LTD**Notes to the financial statements for the period ended 31 December 2019****13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<u>As at</u> <u>31/12/2019</u> £'000	<u>As at</u> <u>31/3/2019</u> £'000
Trade creditors	39	(40)
Amounts owed to Group undertakings	29,494	22,639
Provisions for future losses	15,795	-
Taxation and social security	681	219
Other creditors	442	10
Accruals	745	981
Contract liabilities	259	318
	<u>47,455</u>	<u>24,127</u>

Amounts owed to Group undertakings include a loan for £3,400,000 (March 31 2019: £3,401,000) from the ultimate holding company which bears interest of GBP Libor +3% and is repayable on demand. The remaining balance of amounts owed to Group companies are unsecured, non-interest bearing and payable on demand.

A provision of £15,795,000 relates to losses expected to be incurred by the Company post 31 December 2019 until the Company is placed in MVL, which is expected to be by September 2021.

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>As at</u> <u>31/12/2019</u> £'000	<u>As at</u> <u>31/3/2019</u> £'000
Legal provision	-	121
	<u>-</u>	<u>121</u>

15. SHARE CAPITAL

	<u>As at</u> <u>31/12/2019</u> £'000	<u>As at</u> <u>31/3/2019</u> £'000
Allotted and fully paid:		
1,434,645 Ordinary A shares of £1 each (31 March 2019: 2)	1,435	-
58,390 Ordinary B shares of £0.133333 each (31 March 2019: 58,390)	8	8
26,402 Ordinary C shares of £0.50 each (31 March 2019: 26,402)	13	13
841,608 Ordinary D shares of £0.133333 each (31 March 2019: 841,608)	112	112
296,137 Ordinary E shares of £0.50 each (31 March 2019: 296,137)	148	148
	<u>1,716</u>	<u>281</u>

On 1 August 2019, Abide Financial Ltd issued and allotted 550,000 A ordinary shares of £1 each to NEX Optimisation Limited for total consideration of £550,000.

On 25 October 2019, Abide Financial Ltd issued and allotted 884,643 A ordinary shares of £1 each to NEX Optimisation Limited for total consideration of £884,646.

ABIDE FINANCIAL LTD

Notes to the financial statements for the period ended 31 December 2019

16. IMMEDIATE PARENT AND ULTIMATE PARENT

The Company's immediate parent is NEX Optimisation Limited, which does not prepare consolidated financial statements.

The Company's ultimate parent is CME Group Inc., which is incorporated in Delaware, United States, and heads the largest group of companies of which the Company is a member. CME Group Inc. prepares consolidated financial statements in accordance with US GAAP, which are publicly available. Copies may be obtained from the Company Secretary, CME Group Inc., 20 South Wacker Drive, Chicago, Illinois, 60606.

17. POST BALANCE SHEET EVENTS

Unprecedented market conditions caused by the COVID-19 health crisis in 2020, dramatically affected nearly every aspect of the global economy with both economic uncertainty and market volatility. The unpredictable nature of the pandemic with the new variants in the virus are taking the pandemic to a new phase.

In May 2020, the directors announced the decision to wind down Abide Financial Limited's business. The Company will be placed into MVL by September 2021. The pandemic will not impact management's decision to wind down the Company.