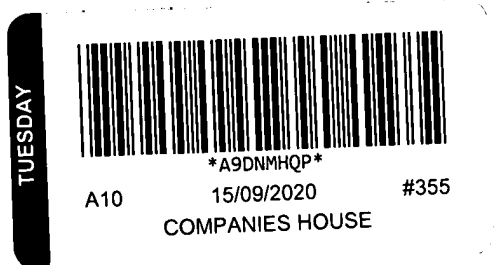


Fidessa Group Holdings Limited

Strategic Report, Directors' Report and financial statements for
the year ended 31 December 2019



**STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2019**

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COMPANY INFORMATION

DIRECTORS	C. Clinch A. Woods
SECRETARY	A. Woods (appointed 1 May 2019) A. Shah (resigned 1 May 2019)
REGISTERED OFFICE	10 Queen Street Place, London, EC4R 1BE, United Kingdom.
REGISTERED NUMBER OF INCORPORATION	03234176
AUDITOR	Ernst & Young, Chartered Accountants, Ernst & Young Building, Harcourt Centre, Harcourt Street, Dublin 2, Ireland.
BANK	HSBC UK Bank plc Level 6, 71 Queen Victoria Street, London, EC4V 4AY, United Kingdom.

STRATEGIC REPORT

for the year ended 31 December 2019

The directors present herewith the Strategic Report for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Fidessa Group Holdings Limited (the "Company" or "Fidessa") is the top holding company of the Fidessa group (the "Group"). The Company holds shares in its subsidiary undertakings which are set out in note 10 of the financial statements and receives dividend income from its investments.

Financial Performance Indicators

The Company's key measures of financial performance are Profit on Ordinary Activities after Taxation and Net Cash Flow.

Profit on Ordinary Activities after Taxation

Profit on ordinary activities after taxation was £95.7 million in 2019 and £21.4 million in 2018. The increase for 2019 as compared to 2018 is £74.3 million which is as a result of higher dividends received in 2019 and one-off transaction fees incurred in 2018 in relation to the acquisition of the Company by ION Capital UK Limited.

Net Cash Flow

The Company's net cash equivalent balance increased by £6.8 million in 2019 compared to 2018 following higher dividends received from subsidiaries. This is detailed in note 12.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties which the Company faces are:

- The Company holds investment in subsidiaries which currently derives most of their revenue from a limited number of products. As a result, a reduction in demand for, or sales of, these products would have a material adverse effect on the Company's business, financial condition and operating results;
- The Company holds investment in subsidiaries which derive most of their revenues from customers in the financial services industry. The Company's business, financial condition and operating results could be adversely affected by significant changes in that industry;
- Potential defects in the subsidiary companies products or failure to provide services for the Group's customers could cause the Company's income to decrease, cause the Group to lose customers and damage the Company's reputation; and
- The subsidiary companies have a limited ability to protect its intellectual property rights, and others could obtain and use the Group's technology without authorisation.

The Company has insurances, business policies and organisational structures to limit these risks and uncertainties. The board of directors and management regularly review, reassess and proactively limit the associated risks.

On behalf of the Directors



Conor Clinch

Director

Date: 31st August 2020

DIRECTORS' REPORT

for the year ended 31 December 2019

The directors present herewith their report and audited financial statements ("financial statements") for the financial year ended 31 December 2019.

DIRECTORS AND THEIR INTERESTS

The names of the directors who served at any time during the financial year are as listed on page 2.

None of the directors in office at 31 December 2019 had an interest in the shares of the Company (2018: none).

DIVIDENDS

The dividend paid in 2019 was £100.3 million (2018: £89.3 million). The dividends received during 2019 amounted to £94.9 million (2018: £49.4 million).

GOING CONCERN

Having reviewed the future plans and projections for the business and its current financial position, the directors are satisfied that the Company has adequate financial resources to continue to manage its business risks successfully and to remain in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the report and accounts.

RESEARCH AND DEVELOPMENT

Research and development is concentrated on the development of solutions for trading, trade processing and related middleware within the investees companies business. No research and development activities are carried out within the Company.

FINANCIAL INSTRUMENTS

The Company's financial risk management objective is to identify financial risks and implement suitable risk reducing measures where appropriate.

In implementing this objective, Company policy aims to ensure that sufficient cash amounts are held to meet all working capital requirements and sufficient committed borrowing facilities are available to meet longer term requirements.

The Company is exposed to foreign currency, liquidity and credit risks. Further detailed discussion is provided in the Group consolidated financial statements of ION Investment Group Limited.

EVENTS SINCE THE STATEMENT OF FINANCIAL POSITION DATE

Subsequent to the Statement of Financial Position date, the Company declared and paid a dividend of £11.5 million in February 2020, £52.01 million in June 2020 and £5.4 million in August 2020 to Ion Capital UK Limited ("immediate parent"). The Company received a dividend of £9.03 million in February 2020 and £36.89 million in June 2020 from Fidessa Software Limited ("subsidiary"), £4.3 million in June 2020 from Fidessa Buy-side Limited ("subsidiary"), £1.64 million in June 2020 from Fidessa Canada Corporation ("subsidiary"), £3.16 million in June 2020 from Fidessa Corporation ("indirect subsidiary holding"), £1.94 million in June 2020 from Fidessa Limited ("indirect subsidiary holding") and £2.26 million in July 2020 from ION Group Japan KK ("subsidiary").

Subsequent to the year end, the COVID-19 outbreak developed rapidly, which is causing economic disruptions in most countries. Various measures have been taken by Governments around the world to contain the virus which have had a significant impact on global economic activity.

The Company is primarily a holding company which has investment in Subsidiaries whose principle activity is to develop and market analytics data and software solutions, and as such a significant proportion of the projects can be performed remotely.

DIRECTORS' REPORT

for the year ended 31 December 2019 (continued)

EVENTS SINCE THE STATEMENT OF FINANCIAL POSITION DATE (continued)

The Group has moved to a remote working arrangement which is running smoothly, to ensure the safety of staff and to enable the business to operate with minimal impact.

A significant portion of the investee Companies revenue is derived from multi-year contracts with customers with the services provided being critical to our customers' operations, hence limited immediate impact is expected on the Group's revenue stream. Given the nature of the outbreak and the on-going developments, at this time it is not possible to estimate the overall future impact on the investee companies business and indirectly to the value of investments held by the Company.

ENVIRONMENTAL MATTERS

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

EMPLOYEE MATTERS

The well-being of the Group's employees is safeguarded through the strict adherence to health and safety standards. The Health and Safety at Work Act 1974 imposes certain requirements on directors, managers and employees. The Group has taken the necessary action to ensure compliance with the Act, including the adoption of a safety statement.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT

for the year ended 31 December 2019 (continued)

DISCLOSURE OF INFORMATION TO THE AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Ernst & Young, Chartered Accountants, have indicated their willingness to continue in office and a resolution concerning their re-appointment in accordance with Section 485 of the Companies Act 2006 will be proposed at the Annual General Meeting.

On behalf of the Directors



Conor Clinch
Director

Date: 31st August 2020



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIDESSA GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of Fidessa Group Holdings Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 19, 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 profit 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 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.

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 other information comprises the information included in the strategic and directors' report, 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.

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 5, 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.

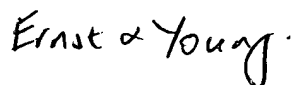
Auditor's responsibilities for the audit of the financial statements

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.



Cathal McDonagh
for and on behalf of Ernst & Young, Statutory Auditor
Dublin

Date: 31 August 2020

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2019

	<i>Note</i>	<i>2019</i> <i>£000</i>	<i>2018</i> <i>£000</i>
Operating income/(expenses)		2,414	(30,111)
Other operating income		50	-
Operating profit/(loss)	2	2,464	(30,111)
Dividend income	3	94,893	49,444
Finance income	7	107	251
Finance expense	8	(604)	(110)
Profit on ordinary activities before taxation		96,860	19,474
Tax on profit on ordinary activities	9	(1,112)	1,885
Profit for the financial year		95,748	21,359
Other comprehensive income		-	-
Total comprehensive income for the year		95,748	21,359

STATEMENT OF FINANCIAL POSITION
at 31 December 2019

	<i>Note</i>	<i>2019</i> <i>£000</i>	<i>2018</i> <i>£000</i>
NON-CURRENT ASSETS			
Deferred tax asset	9(c)	8	3
Investment in subsidiaries	10	65,768	65,818
		<u>65,776</u>	<u>65,821</u>
CURRENT ASSETS			
Debtors	11	18,368	29,826
Cash at bank	12	25,711	1,345
		<u>44,079</u>	<u>31,171</u>
CREDITORS (amounts falling due within one year)	13	(44,019)	(26,454)
NET CURRENT ASSETS		<u>60</u>	<u>4,717</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		65,836	70,538
CREDITORS (amounts falling due after more than one year)	13	-	(140)
NET ASSETS		<u>65,836</u>	<u>70,398</u>
CAPITAL AND RESERVES			
Share capital	14	3,912	3,912
Share premium		35,273	35,273
Merger reserve	14	17,938	17,938
Retained earnings		8,713	13,275
TOTAL EQUITY		<u>65,836</u>	<u>70,398</u>

The notes on pages 13 to 26 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 31st August 2020.
They were signed on its behalf by:



Conor Clinch
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2019

	<i>Note</i>	<i>Share capital £000</i>	<i>Share premium £000</i>	<i>Merger reserve £000</i>	<i>Retained earnings £000</i>	<i>Total equity £000</i>
Balance at 1 January 2018		3,872	35,266	17,938	74,270	131,346
Total comprehensive income for the year		-	-	-	21,359	21,359
Current tax deduction recognised direct to equity	9(e)	-	-	-	58	58
Deferred tax recognised direct to equity	9(e)	-	-	-	(11)	(11)
Transactions with shareholders						
Issues of shares – exercise of options		40	7	-	-	47
Employee share incentive charges- subsidiaries and employees		-	-	-	7,403	7,403
Purchase of shares by employee share trust		-	-	-	(489)	(489)
Dividend paid	15	-	-	-	(89,315)	(89,315)
Balance at 31 December 2018		3,912	35,273	17,938	13,275	70,398
Total comprehensive income for the year		-	-	-	95,748	95,748
Transactions with shareholders						
Dividend paid	15	-	-	-	(100,310)	(100,310)
Balance at 31 December 2019		3,912	35,273	17,938	8,713	65,836

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

1. ACCOUNTING POLICIES

(a) *General information*

The financial statements for the Company were authorised for issue by the directors on 31st August 2020. Fidessa Group Holdings Limited is a private limited company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 3. The ultimate parent undertaking is disclosed in note 17 of these financial statements.

(b) *Basis of preparation*

The financial statements have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101). The financial statements are prepared under the historical cost convention.

These financial statements present information about the Company as an individual undertaking and not about its group. In accordance with the exemption granted by Section 401 of the Companies Act 2006, the Company does not prepare consolidated financial statements as publicly available consolidated group financial statements are drawn up by the ultimate parent undertaking of the Company. Details in respect of this parent undertaking are set out in note 17. As a result, these accounts present information relating to the Company as an individual undertaking and do not contain consolidated financial information in relation to the group.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(d). The Company has adequate financial resources to continue to manage its business risks successfully and to remain in operational existence for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

(c) *Exemptions availed under FRS 101*

The financial information presented in these financial statements has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and Interpretations issued by the International Accounting Standards Boards (IASB) and with International Accounting Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) Interpretations. The Company has however availed of the following disclosure exemptions available under FRS 101:

- IAS 1 Presentation of financial statements;
 - i. paragraph 79(a)(iv) – a reconciliation of the number of shares outstanding at the beginning and at the end of the period;
 - ii. paragraphs 10(d), 10(f), 16, 40A, 40B, 40C, 40D, 111 and 134 to 136.
- IAS 7 Statement of cash flows.
- IAS 24 Related Party Disclosures paragraph 17 – Disclosure of key management personnel.
- IAS 24 Related Party Disclosures requirement to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2019

1. ACCOUNTING POLICIES (continued)

(c) Exemptions availed under FRS 101 (continued)

- IAS 36 Impairment of Assets paragraph 134 (d) to 134(f) – Disclosures regarding detailed information about the estimate used to measure recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful life.
- IFRS 13 Fair Value Measurement paragraphs 91 to 99 – Disclosures in regard to the valuation techniques and inputs used to develop the measurements of assets and liabilities measured at fair value.
- The requirements of IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- paragraph 30 to 31 of IAS 8 Accounting Policies, change in accounting estimates and errors (requirement for the disclosure of information when the entity has not applied a new IFRS that has been issued but not yet effective).

(d) Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

- I. *Investment in subsidiaries:* Investments in subsidiary undertakings are held at cost and subject to impairment review if there are indicators of impairment. The impairment review requires that the Company makes an estimate of the asset's recoverable amount in order to determine the extent of any impairment loss.

(e) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use and is determined at the individual asset level, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2019

1. ACCOUNTING POLICIES (continued)

(f) Financial assets

Initial recognition and measurement - the Company determines the classification of its financial assets at initial recognition. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement - for purposes of subsequent measurement, financial assets held by the Company are classified as follows:

- Financial assets at amortised costs – the Company measures financial assets at amortised cost if both of the following conditions are met; (i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and (ii) based on the contractual terms the expected cashflows are solely payments of principal and interest on the outstanding principal. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.
- Financial assets at fair value through profit or loss - these include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value presented in the Statement of Comprehensive Income.

Impairment of financial assets - For receivables due from group undertakings, the Company applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. These receivables are written off when there is no reasonable expectation of recovering the contractual cashflows, which is based on an assessment of the Company's intention and ability to successfully recover those balances through enforcement activities.

Derecognition - a financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2019

1. ACCOUNTING POLICIES (continued)

(g) Financial liabilities

Initial recognition and measurement - the Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of payables, net of directly attributable transaction costs.

Subsequent measurement - the measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at amortised cost - after initial recognition, other payables are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Comprehensive Income.

Derecognition of financial liabilities - a liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the Statement of Comprehensive Income.

(h) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in pound sterling (£), which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(i) Taxation

The tax expense for the financial year comprises current and deferred tax. Current tax is charged or credited to other comprehensive income, if it relates to items that are charged or credited to other comprehensive income. Similarly, current tax is charged or credited to equity, if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the Statement of Comprehensive Income.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted for the period.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except for deferred tax assets which are only recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2019

1. ACCOUNTING POLICIES (continued)

(i) Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date. Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

(j) Dividend and finance income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(k) Cash at bank and bank overdraft

Cash at bank in the Statement of Financial Position comprise of bank balances held with a local bank with an original maturity of three month or less. Bank overdraft is repayable on demand and bears interest at prevailing inter-bank rate.

For the purpose of financial statements, cash and cash equivalents consist of cash at bank net of bank overdrafts with an original maturity of three month or less as they are considered an integral part of the Company's cash management.

(l) Investments in subsidiaries

Investments in subsidiaries are initially recorded based on their exchange values, being either the value of the capital injected into a subsidiary through subscription for shares or by way of a capital contribution, or the amount of consideration paid to another group entity under common control for the holding in the subsidiary. Subsequent to initial measurement the investment in subsidiary is carried at cost less impairment.

(m) New standards and interpretations

The following standard and amendment were effective for the first time adoption on 1 January 2019:

- IFRS 16 Leases

IFRS 16 was effective with an initial application date of 1 January 2019. IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". IFRS 16 requires lessees to account for all leases under a single on balance sheet model similar to the accounting for finance leases under IAS 17, with the exception of low value leases and short-term leases. At the commencement date of a lease, a lessee recognises a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

There was no impact in respect of IFRS 16 on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2019

2. OPERATING PROFIT/(LOSS)

	2019 £000	2018 £000
<i>Operating profit(loss) is stated after (crediting)/charging:</i>		
Acquisition transaction costs	-	17,657
Foreign exchange (gain)/loss	(1,919)	2,185
	<u> </u>	<u> </u>

3. DIVIDEND INCOME

The dividend received comes from the company's subsidiary shareholdings as follows:

	2019 £000	2018 £000
Fidessa Software Limited	65,214	21,000
Fidessa Buyside Limited	9,500	4,500
Fidessa US Corporation	9,324	9,038
Fidessa Canada Corporation	2,919	5,231
Fidessa kk	3,944	6,806
Fidessa Pty Limited	-	916
Fidessa Limited	3,992	1,953
	<u>94,893</u>	<u>49,444</u>

4. AUDITOR'S RENUMERATION

The Company paid the following amounts to its auditor in respect of the audit of the financial statements:

	2019 £000	2018 £000
Audit of individual company accounts	20	19
	<u>20</u>	<u>19</u>

5. DIRECTORS' REMUNERATION

	2019 £000	2018 £000
Emoluments	-	1,823
Share incentive costs	-	382
	<u>-</u>	<u>2,205</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2019

5. DIRECTORS' REMUNERATION (continued)

Highest paid director:

	2019 £000	2018 £000
Emoluments	-	1,080
Share incentive costs	-	110
	<u>-</u>	<u>1,190</u>

The directors of the Company received no remuneration for services to the Company during the year (2018: £2.205 million).

6. STAFF COSTS

	2019 £000	2018 £000
Wages and salaries	(431)	1,823
Social welfare costs	(49)	247
Share incentive costs	-	382
	<u>(480)</u>	<u>2,452</u>

The credit of £480,000 in 2019 is due to the release of a bonus and other employee related provisions.

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

	2019 No.	2018 No.
Management and administration	-	2
	<u>-</u>	<u>2</u>

7. FINANCE INCOME

	2019 £000	2018 £000
Bank and other interest	107	251
	<u>107</u>	<u>251</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2019

8. FINANCE EXPENSE

	2019 £000	2018 £000
Bank interest	604	110
	<u>604</u>	<u>110</u>

9. TAX

(a) Tax on profit on ordinary activities

The tax charge/(credit) is made up as follows:

	2019 £000	2018 £000
Current tax:		
UK corporation tax	1,118	(1,860)
Adjustment in respect of previous years	(1)	(28)
Total current tax charge/(credit)	<u>1,117</u>	<u>(1,888)</u>
Deferred tax:		
Origination and reversal of temporary differences	75	13
Adjustment in respect of previous years	(80)	(10)
Tax charge/(credit) on profit on ordinary activities (note 9 (b))	<u>1,112</u>	<u>(1,885)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2019

9. TAX (continued)

(b) Factors affecting tax charge for the year:

The tax assessed for the year differs from that calculated by applying the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	96,860	19,474
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2018: 19%).	18,403	3,700
Effects of:		
Expenses not deductible for tax purposes	829	3,848
Income not taxable for tax purposes	(18,030)	(9,394)
Effect of change in deferred tax rate	(9)	(1)
Adjustment in respect of prior years – corporation and deferred tax	(81)	(38)
Tax charge/(credit) on profit on ordinary activities (note 9 (a))	1,112	(1,885)

(c) Deferred tax asset

	2019 £000	2018 £000
Other temporary differences	(5)	3
	(5)	3
	2019 £000	2018 £000
At 1 January	3	17
Deferred tax charge in Statement of Comprehensive Income	5	(3)
Recognised in equity (note 9 (e))	-	(11)
At 31 December	8	3

(d) Circumstances affecting future tax charges:

In the Finance Act 2016, which was enacted on 15 September 2016, the UK Government confirmed that the main rate of corporation tax in the UK will be reduced from the 19% rate applying from 1 April 2017 to 17% from 1 April 2020. On 11 March 2020, the UK Government announced that the main rate of corporation tax will not be reduced to 17% from 1 April 2020 and will remain at 19%; however, that change has not yet been substantively enacted. As a result, the deferred tax asset being carried at 31 December 2019 relating to UK temporary differences have been recognised at the 17% rate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2019

9. TAX (continued)

(e) Recognised direct to Equity

	2019 £000	2018 £000
Current tax relating to employee benefits	-	58
Deferred tax relating to employee benefits	-	(11)

10. INVESTMENT IN SUBSIDIARIES

	2019 £000	2018 £000
Investments in subsidiaries at 1 January	65,818	65,818
Employee share incentive charges – subsidiaries	-	7,021
Employee share incentive reimbursements – subsidiaries	-	(7,021)
Dissolution of Fidessa Investments Limited	(50)	-
Investments in subsidiaries at 31 December	65,768	65,818

The subsidiary undertakings at 31 December 2019, all being engaged in developing and selling computer software and providing associated services, are in the table below. All principally operate in their country of incorporation.

Name of the undertaking	Registered office or principal place of business	Country of incorporation	Proportion of ordinary shares capital held
Fidessa Trading UK Ltd*	10 Queen Street Place, London, EC4R 1BE	United Kingdom	100%
Fidessa Buy-side Ltd	10 Queen Street Place, London, EC4R 1BE	United Kingdom	100%
Fidessa Software Ltd	10 Queen Street Place, London, EC4R 1BE	United Kingdom	100%
Fidessa SAS	8/10 rue Lamennais, 75008 Paris	France	100%
Fidessa Corporation*	70 Hudson Street, 5th Floor, Jersey City, NJ 07302	USA	100%
Fidessa US Corporation	70 Hudson Street, 5th Floor, Jersey City, NJ 07302	USA	100%
Fidessa Buy-side incorporated*	One Financial Center, Suite 800, Boston	USA	100%
Fidessa Canada Corporation (Canada)	100 Wellington Street West, Suite 1920, Toronto, ON M5K 1E7	Canada	100%

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2019

10. INVESTMENT IN SUBSIDIARIES (continued)

Name of the undertaking	Registered office or principal place of business	Country of incorporation	Proportion of ordinary shares capital held
Fidessa pte Limited	36 Robinson Road #10-01, City House, Singapore 068877	Singapore	100%
Fidessa pty Limited	MLC Centre Level 22, 19-29 Martin Place, Sydney NSW 2000	Australia	100%
ION Group Japan kk	2-1-1 Marunouchi, Chiyoda-Ku Tokyo	Japan	100%
Fidessa Limited*	69 th Floor, The Center, 99 Queen's Road Central, Hong Kong	Hong Kong	100%
Fidessa Trading Systems Private Limited	No. 35, 4th Floor, Nanik Niwas, Kartar Premises Cooperative Soc Ltd, 30/34, D.D Sathe Marg, Girgaum, Mumbai, 400004	India	100%
Fidessa Soluções Em Software Limitada	Rua Ministro Jesuino Cardoso, 454 3º andar, 04544-051 São Paulo – São Paulo	Brazil	100%

*indirect subsidiary holdings

11. DEBTORS

	2019	2018
	£000	£000
<i>Current</i>		
Due from group undertakings	12,818	26,613
Income tax receivable	4,789	2,923
Other receivables	761	290
	<u>18,368</u>	<u>29,826</u>

Amounts owed from group undertakings include trading balances which are unsecured and receivable on demand. These amounts are interest free and subject to 30 day payment terms.

12. CASH AND CASH EQUIVALENTS

The reconciliation of bank balances and overdrafts as stated in the Statement of Financial Position for the purpose of cash and cash equivalents is as follows:

	2019	2018
	£000	£000
Bank balances	25,711	1,345
Bank overdraft (note 13)	(36,590)	(19,051)
	<u>(10,879)</u>	<u>(17,706)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2019

12. CASH AND CASH EQUIVALENTS (continued)

At 31 December 2019, the Company's overdraft balance bears an effective interest rate of base rate plus 1% margin per annum. The base rate was 0.75% (31 December 2018: 0.5%-0.75%) for the year ended 31 December 2019. The Company has a cash pooling facility agreement with a local bank with some of the group companies participating in the cash pool arrangement.

13. CREDITORS

	2019 £000	2018 £000
<i>Creditors (amounts falling due within one year)</i>		
Bank overdrafts (note 12)	36,590	19,051
Amounts due to group undertakings	5,152	5,033
Accrued expenses	420	836
Other taxes and social security	1,857	1,534
	<u>44,019</u>	<u>26,454</u>
<i>Creditors (amounts falling due after one year)</i>		
Accrued expenses	-	140
	<u>-</u>	<u>140</u>

Amounts due to group undertakings are stated at amortised cost, which approximates fair value given the short-term nature of these liabilities. Included within amounts due to group undertakings is a loan with a subsidiary company amounting to £997,000 (2018: nil) which bears an interest rate of 2.5% per annum (2018: nil). All other amounts due to group undertakings are subject to 30-day payment terms and are repayable on demand.

14. SHARE CAPITAL AND RESERVES

	2019 Number	2018 Number	2019 £000	2018 £000
<i>Allotted, called up and fully paid</i>				
Issued share capital at 1 January	39,118,776	38,723,271	3,912	3,872
Issued for share incentives exercised	-	395,505	-	40
Issued share capital at 31 December	<u>39,118,776</u>	<u>39,118,776</u>	<u>3,912</u>	<u>3,912</u>

Ordinary Shares have full voting and dividend rights, and carry distribution rights upon a winding up, sale or quotation of the Company.

Merger reserve

The merger reserve arose from the acquisition of Fidessa Buy-side Limited (formerly LatentZero Limited) in 2007. The merger reserve represents the excess of the fair value over the nominal value of shares issued to acquire at least 90% equity interest in an acquiree company. A purchaser company acquiring at least 90% equity interest in an acquiree company under an arrangement which provides for

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2019

14. SHARE CAPITAL AND RESERVES (continued)

the allotment of equity shares by the purchaser in return for the equity interest in the acquiree must apply Section 612 of the Companies Act 2006. When applicable, the section requires that the premium on the issue of equity shares by the purchaser company be disregarded. Accordingly, a premium was not recorded on the shares issued but a merger reserve was recognised in the Statement of Financial Position.

15. DIVIDENDS

The dividend paid during 2019 was £100.3 million (2018: £89.3 million).

Dividends received of £94.9 million (2018: £49.4 million) were credited to the Statement of Comprehensive Income.

16. RELATED PARTY DISCLOSURES

FRS 101.8(k) exempts the company from disclosing transactions between this Company and other group companies of ION Investment Group Limited.

The consolidated financial statements of ION Investment Group Limited can be obtained from the address mentioned in note 17 of these financial statements.

17. PARENT UNDERTAKINGS, CONTROLLING PARTIES, DIRECTORS' AND SECRETARY'S INTERESTS

The immediate parent undertaking and controlling party of the Company is ION Capital UK Limited, a company incorporated in United Kingdom.

The parent undertaking of the smallest and largest groups of undertakings for which consolidated financial statements are prepared and of which the Company is a member, is ION Trading Technologies Limited and ION Investment Group Limited, respectively, companies incorporated in the Republic of Ireland. Copies of these consolidated financial statements are available from the Companies Registration Office, Parnell House, Parnell Square, Dublin 1, Ireland.

The Company's ultimate parent undertaking and controlling party is ITT S.à.r.l., a Company incorporated in Luxembourg.

Neither the directors, nor the Company secretary, their spouses or minor children, held any interests in the shares of the Company, its parent undertaking or any other group undertaking.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 December 2019

18. EVENTS SINCE THE STATEMENT OF FINANCIAL POSITION DATE

Subsequent to the Statement of Financial Position date, the Company declared and paid a dividend of £11.5 million in February 2020, £52.01 million in June 2020 and £5.4 million in August 2020 to Ion Capital UK Limited ("immediate parent"). The Company received a dividend of £9.03 million in February 2020 and £36.89 million in June 2020 from Fidessa Software Limited ("subsidiary"), £4.3 million in June 2020 from Fidessa Buy-side Limited ("subsidiary"), £1.64 million in June 2020 from Fidessa Canada Corporation ("subsidiary"), £3.16 million in June 2020 from Fidessa Corporation ("indirect subsidiary holding"), £1.94 million in June 2020 from Fidessa Limited ("indirect subsidiary holding") and £2.26 million in July 2020 from ION Group Japan KK ("subsidiary").

Subsequent to the year end, the COVID-19 outbreak developed rapidly, which is causing economic disruptions in most countries. Various measures have been taken by Governments around the world to contain the virus which have had a significant impact on global economic activity.

The Company is primarily a holding company which has investment in Subsidiaries whose principle activity is to develop and market analytics data and software solutions, and as such a significant proportion of the projects can be performed remotely. The Group has moved to a remote working arrangement which is running smoothly, to ensure the safety of staff and to enable the business to operate with minimal impact.

A significant portion of the investee Companies revenue is derived from multi-year contracts with customers with the services provided being critical to our customers' operations, hence limited immediate impact is expected on the Group's revenue stream. Given the nature of the outbreak and the on-going developments, at this time it is not possible to estimate the overall future impact on the investee companies business and indirectly to the value of investments held by the Company.

19. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved and authorised for issue the financial statements in respect of the financial year ended 31 December 2019 on 31st August 2020.