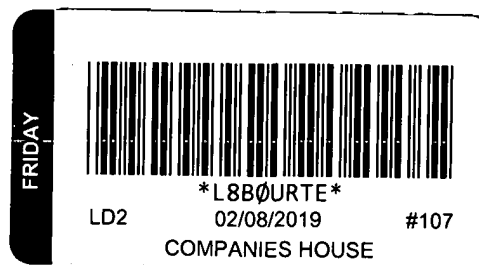


SimCorp Coric Limited

Annual Report and Financial Statements
for the year ended 31 December 2018

Registered number 03856557



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Company information

Directors

D. Broadfield (resigned 18 May 2018)
S. Keeler
J. Olivarius (resigned 7 June 2019)
M. Rosenvold (appointed 18 May 2018)
J. Muller (appointed 7 June 2019)

Secretary

M. Rosenvold

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

Nordea Bank
8th Floor, City Place House
55 Basinghall Street
London
EC2V 5NB

Solicitors

Charles Russell
8 -10 Fetter Lane
London
EC4A 1RS

Registered Office

The Development Centre
University of Wolverhampton Science Park
Wolverhampton
WV10 9RU

Strategic report

Strategic report for the year ended 31 December 2018

The directors present their Strategic report for SimCorp Coric Limited for the year ended 31 December 2018.

Principal activities

The principal activity of the Company during the year was software development, software sales and the provision of associated consultancy services.

Review of the business

The Company develops and markets SimCorp Coric, SimCorp's client reporting and communication solution, as a stand-alone solution. It services buy-side investment management markets worldwide with the SimCorp Coric product and related professional services.

SimCorp Coric signed three new clients in 2018, one through its subsidiary SimCorp Coric Inc. and one SimCorp Dimension client acquired the Coric solution. These successes led to the business experiencing a satisfactory year.

The profit for the financial year amounted to £465,717 (2018: £2,027,684) and total shareholder's funds at 31 December 2018 totalled £9,549,126 (2017: £3,513,200).

The increasing market share of the business through strong sales has positioned the business favourably to add further new business during 2019.

Key performance indicators ("KPIs")

The directors of SimCorp 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 SimCorp Coric Limited. The development, performance and position of SimCorp Group, which includes the Company, are discussed in the Group's financial statements which do not form part of this report.

Principal risks and uncertainties

The key business risks and uncertainties affecting the Company relate to the general economic environment and competition. A key risk mitigation action is to stay ahead of competitors. SimCorp sees the importance of investing in research and development to maintain being a leading provider of Client Reporting and Communication solutions. A consistent investment is a cornerstone in SimCorp's strategy. SimCorp's business is based on specialised expertise and innovation. It is imperative that SimCorp continues to attract, develop and retain the most skilled employees and management talent. Failure to do so constitutes a risk. Uncertainties in the business environment in an ever developing and highly volatile world, means that SimCorp's policies and procedures are required to ensure an efficient management of risks identified.

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



S. Keeler
Director
25 July 2019

Directors' report

The directors present their report and the audited financial statements of SimCorp Coric Limited for the year ended 31 December 2018.

Future developments

The future development of the business includes continuing its current activities, expanding the product range and stronger market coverage in the Asia Pacific region.

Both the North American and EMEA region will continue to grow with additional staff in both regions to strengthen sales capabilities, delivery and client support. The R&D team will remain based in EMEA and expand during the year.

Our expectation is that the business will build on the success of 2018 with increased sales and revenue in 2019.

Dividends

The directors recommend payment of a dividend of £8,000,000 (2018: £2,000,000).

Financial instruments

The Company uses various financial instruments. These include amounts owed to the parent company SimCorp A/S, cash and cash equivalents and various items such as trade receivables and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The existence of these financial instruments exposes the Company to a number of financial risks which are described in more detail below. The main risks arising from the Company's financial instruments are currency risk, interest rate risk and liquidity risk.

Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these. At the balance sheet date the Company had no financial hedges (2017: none).

Currency risk

Although most sales are priced and billed in sterling, some contracts are priced and billed in foreign currencies. Foreign currency bank accounts are held so amounts are settled in the currency they are billed in. Where excess funds are held in those currencies, these amounts are transferred to our parent company, SimCorp A/S. The directors consider that this policy is sufficient to cover the currency risk to the Company.

Interest rate risk

There is a risk of interest rate exposure on the Company's inter-company lending, due to interest rate fluctuations. Given the overall group position, the directors consider this risk to be minimal.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The majority of the Company's liquidity is funded by cash on hand and by payments from trade receivables; however if additional funds are needed this would be obtained from the parent company.

Directors

The directors who held office during the year and up to the date of signing the financial statements are given below:

- D. Broadfield (resigned 18 May 2019)
- S. Keeler
- J. Olivarius (resigned 7 June 2019)
- M. Rosenvold
- J. Muller (appointed 7 June 2019)

Directors' report (continued)

Research and development

The Company performs Research and Development (R&D) of SimCorp Coric Client Communications. The R&D costs charged to the Statement of comprehensive income for the year were £1,854,052 (2017: £1,754,733).

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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

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

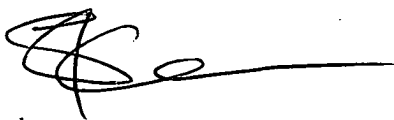
In preparing the financial statements, the directors are required to:

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

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

The financial statements on pages 10 to 27 were approved by the Board of directors and signed on its behalf by:



S. Keeler
Director
25 July 2019

Independent auditors' report to the members of SimCorp Coric Limited

Report on the audit of the financial statements

Opinion

In our opinion, SimCorp Coric Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2018; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy

Reporting on other information

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

Independent auditors' report to the members of SimCorp Coric Limited (continued)

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Independent auditors' report to the members of SimCorp Coric Limited (continued)

Use of this report

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

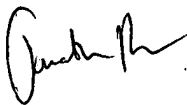
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Jonathan Ford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
25 July 2019

Statement of comprehensive income
For the year ended 31 December 2018

	Note	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Revenue	3	7,135,348	8,806,585
Cost of sales		(3,064,446)	(3,138,115)
Gross profit		4,070,902	5,668,470
Administrative expenses		(467,653)	(503,401)
Other operating income		1,222	-
Research and development cost		(1,821,742)	(1,754,733)
Sales and distribution cost		(1,268,977)	(962,796)
Operating profit	4	513,752	2,447,540
Finance income	6	78,199	52,696
Finance cost	6	(3,234)	(1,062)
Profit before taxation		588,717	2,499,174
Income tax expense	7	(123,000)	(471,490)
Profit for the financial year		465,717	2,027,684
Other comprehensive income for the financial year, net of tax		-	-
Total comprehensive income for the financial year		465,717	2,027,684


The notes on pages 13 to 27 form part of the financial statements.

Statement of financial position
As at 31 December 2018

	Note	As at 31 December 2018 £	As at 31 December 2017 £
Fixed assets			
Property, plant and equipment	8	116,946	157,021
Investments in subsidiaries	9	1,000	1,000
Deferred tax asset	10	18,549	5,506
		<u>136,495</u>	<u>163,527</u>
Current assets			
Contract assets	11	3,376,808	-
Trade and other receivables	12	6,877,612	5,234,864
Cash and cash equivalents		746,222	345,823
		<u>11,000,642</u>	<u>5,580,687</u>
Creditors: amounts falling due within one year	13	(1,564,593)	(2,208,711)
Net current assets		<u>9,436,049</u>	<u>3,371,976</u>
Total assets less current liabilities		<u>9,572,544</u>	<u>3,535,503</u>
Provision for liabilities	14	(23,418)	(22,303)
Net assets		<u>9,549,126</u>	<u>3,513,200</u>
Capital and reserves			
Called up share capital	17	120	120
Share premium		722,222	722,222
Retained earnings		8,826,784	2,790,858
Total shareholders' funds		<u>9,549,126</u>	<u>3,513,200</u>

The notes on pages 13 to 27 form part of the financial statements.

These financial statements were approved by the board of directors and were signed on its behalf by:


S. Keeler
Director

Company registered number: 03856557

Statement of changes in equity
For the year ended 31 December 2018

	Called up share capital	Share premium account	Retained earnings	Total shareholders' funds
	£	£	£	£
Balance as at 1 January 2017	120	722,222	2,049,239	2,771,581
Profit and total comprehensive expense for the financial year	-	-	2,027,684	2,027,684
Dividends paid to shareholders	-	-	(1,286,065)	(1,286,065)
Balance at 31 December 2017	120	722,222	2,790,858	3,513,200
Balance at 1 January 2018	120	722,222	2,790,858	3,513,200
Adjustment related to IFRS 15 (note 2)	-	-	9,345,937	9,345,937
Tax adjustment related to IFRS 15 (note 2)	-	-	(1,775,728)	(1,775,728)
Adjusted balance at 1 January 2018	120	722,222	10,361,067	11,083,409
Profit and total comprehensive income for the financial year	-	-	465,717	465,717
Dividends paid to shareholders	-	-	(2,000,000)	(2,000,000)
Balance at 31 December 2018	120	722,222	8,826,784	9,549,126

The notes on pages 13 to 27 form part of the financial statements.

Notes to the financial statements for the year ended 31 December 2018

1 General information

SimCorp Coric Limited ('the Company') develops and sells software and associated consultancy services. The company services mainly the UK, Europe and North America. The Company also operates through its fully owned subsidiary, SimCorp Coric Inc.

The Company is a private company, limited by shares, incorporated in Great Britain and registered in England and Wales. The address of its registered office is Technology Centre, Wolverhampton Science Park, Wolverhampton, WV10 9RU.

2 Accounting policies, estimates and judgements

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

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

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 on page 19.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- 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)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), statement of cash flows
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),

Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Accounting policies, estimates and judgements (continued)

Basis of preparation (continued)

- 38B-D (additional comparative information),
- 40A-D (requirements for a third statement of financial position
- 111 (cash flow statement information), and
- 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in 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); and
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Going concern

After making enquires, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Changes in accounting policies and disclosures

New and amended standards adopted by the company

IFRS 15

The Company early adopted IFRS 15 'Revenue from Contracts with Customers' opting for the modified retrospective method with the cumulative effect of initially applying IFRS 15 recognized on equity at the date of initial application of 1 January 2018. As a result, the Company has changed its accounting policy for revenue recognition as detailed below.

The Company has applied IFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. The impact of the adoption of IFRS15 was a credit to opening retained earnings as at 1 January 2018 of £7,570,209, representing profits that would have previously been recognised under IFRS15. The comparative information has not been restated and continues to be reported under IAS 18 and IAS 11.

Revenue is derived from fees charged to clients for software licences, maintenance fees, professional services, application service provider (ASP) on-boarding fees and hosting fees, and operational services.

Software is licensed to clients via subscription licence agreements. Licence revenue for subscription agreements are no longer recognised on a straight-line basis over the terms of the agreements, but when the client has obtained control of the licence or service and has the ability to use and obtain substantially all the benefits from the licence or service.

SimCorp has assessed that the client obtains control of the licence when a contract is agreed, the licence is delivered, and the client has the right to use it. Revenue will therefore be recognised in the year of sale, provided that the contract does not have functionality gaps or un-met acceptance criteria. Subscription-based licence fees are discounted to net present value.

IFRS 9

The Company has adopted all requirements of IFRS 9 'Financial Instruments' as of 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilises a revised model for recognition and

Notes to the financial statements for the year ended 31 December 2018 (continued)

Changes in accounting policies and disclosures (continued)

measurement of financial instruments and a single, forward-looking expected credit loss (ECL) impairment model, rather than incurred losses.

For financial assets that do not have a significant financing component, e.g. trade receivables, a simplified approach is permitted. For trade receivables, the loss is measured on initial recognition and throughout the lifetime of the receivable at an amount equal to lifetime expected credit loss.

In addition, although contract assets are excluded from the scope of IFRS 9, they are within the scope of its impairment requirements. The loss is measured on initial recognition and throughout the lifetime of the asset at an amount equal to lifetime expected credit loss.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged.

As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that were recognised at the date of application. The change did not materially impact the carrying value of any financial assets on transition date.

Under IFRS 9, financial assets are classified according to their cash flow characteristics and the business model in which they are managed. The Group has categorised its financial assets to financial assets measured at amortised cost, at fair value through the statement of income and at fair value through other comprehensive income. The new classification requirements have no impact on the classification, measurement and carrying amount of the Company's financial assets.

In addition, in connection with the amendment that IFRS 9 made to IAS 1.82 the Company has elected to disclose interest income from contract assets within revenue. Previous periods have not been restated as the reclassification is considered immaterial.

New financial reporting standards not yet adopted

IFRS 16

IFRS 16 'Leases' becomes effective 1 January 2019. All leases must be recognised in the Statement of financial position with a corresponding lease liability, except for short-term assets and minor assets. The Company plans to apply the standard using the modified retrospective approach with optional practical expedients initially on 1 January 2019.

The cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

Consolidation

The Company is a wholly owned subsidiary of SimCorp A/S (its ultimate parent). It is included in the consolidated financial statements of SimCorp A/S which are publically available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Accounting policies, estimates and judgements (continued)

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 'Pounds Sterling' (£), which is also the company's functional currency.

Foreign currency transactions are translated into the functional currency at the exchange rates effective at the transaction dates. The average rate of exchange for the month is used to approximate the transaction dates' exchange rates. Exchange differences arising from the settlement of such transactions, as well as from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency, are recognised in the Statement of comprehensive income under finance income or finance cost.

Property, plant and equipment

Property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment.

Depreciation is provided on all tangible fixed assets, at annual rates calculated to write off the cost of each asset evenly over its expected life, as follows:

Shorthold lease property and improvements	- over the lease term
Office equipment	- over 5 years
Computer equipment	- over 3 years

The basis of depreciation is calculated with due consideration to realisable value and any prior impairment write down. The estimated useful life and realisable value of each asset is determined at the date of acquisition and reassessed annually. When the realisable value equals the carrying amount of the asset, the asset ceases to be depreciated. Any change in depreciation period or realisable value is recognised as a change in accounting estimate.

Impairment, depreciation and amortisation are recognised in the Statement of comprehensive income as research and development costs, sales and distribution costs or administrative expenses.

Financial assets

Financial assets are classified as 'Loans and receivables'. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise receivables and cash in the Statement of comprehensive income.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Accounting policies, estimates and judgements (continued)

Trade and other receivables

Trade and other receivables are amounts due from customers for licences sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Receivables are measured at cost. If there is objective evidence of impairment of a receivable, it is written down. Write-downs are made individually. The write-down is recognised in the Statement of comprehensive income under Administrative expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank deposits.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Current and deferred income tax

The income tax for the year comprises current and deferred tax, including adjustments to prior years. Tax is recognised in the Statement of comprehensive income, except to the extent it relates to items recognised in other comprehensive income or directly on equity.

Deferred tax is calculated using the liability method on all temporary differences between the accounting and taxable values of assets and liabilities. Deferred tax assets are assessed yearly and only recognised to the extent that it is more likely than not that they can be utilised. Deferred tax assets, including the tax value of tax losses carried forward, are recognised as other non-current assets and measured at the amount at which they are expected to be realised, either by setting off deferred tax liabilities or by setting off tax on future earnings within the same legal entity or a jointly taxed entity.

Deferred tax is measured based on the tax legislation and statutory tax rates in the respective countries that will apply under the legislation in force on the Statement of financial position date when the deferred tax asset is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the Statement of comprehensive income.

Employee benefits

The Company operates a defined contribution pension scheme. Obligations relating to defined contribution plans are recognised in the statement of comprehensive income in the period in which they are earned, and payments due are recognised in the statement of financial position under other payables. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due.

Share based payment ("RSUs")

Restricted stock units to be settled in shares of parent company common stock are granted to management and key employees. These vest after three years subject to continuing employment. The value adjusted for dividends is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Accounting policies, estimates and judgements (continued)

Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of the Company's resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

In valuing provisions, the costs estimated to settle the liability are discounted if such discounting would have a material effect on the measurement of the liability. A pre-tax discount rate is used that reflects the level of interest rates and risks associated with the liability. Changes in the discount element during the year are recognised as finance cost.

Revenue

Rental of software and subscription agreements are agreements that give clients the right to use the SimCorp Coric standard software over a limited period of time. The term of these agreements is typically between three and five years. Clients subsequently have an option to extend the rental or subscription period. Licence revenue from subscription agreements is recognised when the client has obtained control of the licence or service and has the ability to use and obtain substantially all the benefits from the licence or service. Under IFRS 15 licence revenue will therefore be recognised in the year of sale.

Revenue from professional services with respect to implementation and consultancy is recognised when the work is performed. Revenue from maintenance agreements is recognised on a straight-line basis over the maintenance period.

Other revenue is recognised in income statement on delivery of the goods and services.

Amounts recognised in advance of billing are accrued. Amounts billed in advance of recognising turnover are recorded as deferred income.

Where services are performed on behalf of other group undertakings and amounts recharged to these parties, these transactions are recognised as intragroup revenues.

Finance income

Finance income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as finance income.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the statement of financial position. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account.

Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

The Company has no financial assets nor liabilities measured at fair value through profit and loss.

Notes to the financial statements for the year ended 31 December 2018 (continued)

2 Accounting policies, estimates and judgements (continued)

Leases

Leases in which substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of comprehensive income on a straight-line basis over the period of the lease.

Estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Critical accounting estimates and judgements

1) Revenue recognition

Licence Revenue - Under IFRS 15 licence revenue will therefore be recognised in the year of sale. In relation to maintenance contracts, maintenance is recognised on a straight-line basis over the maintenance period.

Professional services – Revenue from professional services with respect to implementation and consultancy is recognised when the work is performed. This is generally done on a monthly basis based on hours performed.

2) Dilapidations provision

SimCorp Coric rents one of its office premises in Wolverhampton. Upon termination of the lease, it is obliged to restore the premises to the conditions as at the time of take over. All costs relating to SimCorp Coric's legal obligation to dismantle, remove or establish the asset must be included in its accounts. Therefore, a reasonable estimate of the costs necessary to fulfil the obligation must be calculated and discounted back to the current value. This provision is based on an estimated cost per square foot method.

3) Impairment of receivables

The need for impairment of receivables was based on an individual assessment of each receivable and reflects management's assessment and review of the individual receivables. Consideration was given to current economic trends and creditworthiness of each client. Changes in client's financial situation may give rise to indication of impairment in future accounting periods.

Management assesses the need for provisions on an ongoing basis. Assessments consider the likelihood of the need to expend financial resources and the amount at which the liabilities are expected to be settled. These assessments are based on estimates which are subject to a high level of uncertainty and may give rise to changes in future accounting periods.

Notes to the financial statements for the year ended 31 December 2018 (continued)

3 Revenue

Analysis of revenue by geography:

	Year ended 31 December 2018	Year Ended 31 December 2017
	£	£
United Kingdom	2,679,567	3,332,617
Rest of Europe	3,561,139	2,501,170
Rest of the World	894,642	2,972,798
	<u>7,135,348</u>	<u>8,806,585</u>

Analysis of revenue by category:

	Year ended 31 December 2018	Year Ended 31 December 2017
	£	£
Licence	1,866,598	2,153,712
Maintenance	808,608	977,531
Services	899,404	1,621,353
Intragroup income	3,560,738	4,053,989
	<u>7,135,348</u>	<u>8,806,585</u>

4 Operating profit

Operating profit is stated after charging:

	Year ended 31 December 2018	Year ended 31 December 2017
	£	£
Wages and salaries	3,681,359	3,348,391
Social security costs	435,461	389,754
Other pension costs	120,097	96,798
Share based payments (note 16)	7,211	17,968
	<u>4,244,128</u>	<u>3,852,911</u>
Total staff costs		
Depreciation on tangible assets (note 8)	40,075	42,022
Operating lease charges	164,995	153,339
Foreign exchange losses/(gains) on trade receivables	7,794	(8,087)
Audit fees payable to the company's auditor	21,060	21,060

Notes to the financial statements for the year ended 31 December 2018 (continued)

5 Employees and directors

Employees

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	Year ended 31 December 2018	Year ended 31 December 2017
By activity		
Consultancy	21	23
Development	19	18
Administration	11	8
	<u>51</u>	<u>49</u>

Directors

The directors' aggregate remuneration in respect of qualifying services were:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Aggregate emoluments	324,497	461,439
Of which: highest paid director's emoluments	222,181	222,733
Highest paid director's employer's pension contribution	4,883	4,615
	<u>329,361</u>	<u>688,787</u>

6 Finance income and cost

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Finance Income	520	101
Interest receivable from group undertakings	77,679	52,595
	<u>78,199</u>	<u>52,696</u>
Total finance income		
Interest expenses and bank charges	(2,119)	-
Unwind of discount	(1,115)	(1,062)
	<u>(3,234)</u>	<u>(1,062)</u>
Net finance income	<u>74,966</u>	<u>51,634</u>

Notes to the financial statements for the year ended 31 December 2018 (continued)

7 Income tax expense on ordinary activities

	Year ended 31 December 2018	Year ended 31 December 2017
	£	£
Tax income included in profit and loss		
Current tax		
- UK corporation tax on profit for the year	113,534	459,941
- Adjustment in respect to previous years	22,509	-
Total current tax	136,043	459,941
Deferred tax		
- Origination and reversal of temporary differences	(11,088)	19,055
- Adjustment in respect of previous years	(1,955)	(7,257)
- Impact of changes in tax rates	-	(249)
Total deferred tax	(13,043)	11,549
Tax expense on profit on ordinary activities	123,000	471,490

Tax expense for the year is lower (2017: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2018 of 19.00% (2017: 19.25%). The differences are explained below:

	Year ended 31 December 2018	Year ended 31 December 2017
	£	£
Profit before taxation	588,717	2,499,174
Profit multiplied by standard rate in the UK 19.00% (2017: 19.25%)	111,857	481,091
Effects of:		
- Income not deductible for tax purposes	(9,411)	(2,095)
- Prior year adjustment, current tax	22,509	-
- Prior year adjustment, deferred tax	(1,955)	(7,257)
- Other	-	(249)
Tax expense on profit on ordinary activities	123,000	471,490

The tax rate for the current year is lower than the prior year due to changes in the UK corporation tax rate which decreased from 19.25% to 19.00% from 1 April 2018.

Further changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to 19.25% from 1 April 2017 and to 18.00% from 1 April 2020. As these changes had been substantively enacted at the balance sheet date their effects are included in these financial statements.

Notes to the financial statements for the year ended 31 December 2018 (continued)

8 Property, plant and equipment

	Shorthold lease property and improvements £	Office equipment £	Computer equipment £	Total £
Cost				
At 1 January 2018	143,341	57,062	7,108	207,511
At 31 December 2018	143,341	57,062	7,108	207,511
Accumulated depreciation				
At 1 January 2018	31,057	12,325	7,108	50,490
Charge for year	28,668	11,407	-	40,075
At 31 December 2018	59,725	23,732	7,108	90,565
Net book value				
At 31 December 2018	83,616	33,330	-	116,946
At 31 December 2017	112,284	44,737	-	157,021

9 Investments

The company owns 100% of the issued share capital in SimCorp Coric Inc. (USD 1,600), a company registered and incorporated in the United States of America. The registered address of this subsidiary is 53 State Street, Boston, Mass, MA 02109, USA. The primary business activity is software development, software sales and the provision of associated consultancy services. The directors believe that the carrying value of the investment is supported by its underlying net assets.

	2018 £	2017 £
Investment in subsidiaries		
At 1 January	1,000	1,000
At 31 December	1,000	1,000

Notes to the financial statements for the year ended 31 December 2018 (continued)

10 Deferred tax asset

The analysis of deferred tax assets is as follows:

	2018 £	2017 £
Deferred tax asset		
At 1 January	5,506	17,055
Movement in deferred tax asset	13,043	(11,549)
At 31 December	<u>18,549</u>	<u>5,506</u>

The elements of deferred taxation are as follows:

Tangible assets	<u>18,549</u>	<u>5,506</u>
At 31 December	<u>18,549</u>	<u>5,506</u>

11 Contract assets

	2018 £	2017 £
Contract assets	<u>3,376,808</u>	-
	<u>3,376,808</u>	-

Due to the adoption of IFRS 15 in 2018, SimCorp Coric Limited now recognises contract assets. These originate from subscription agreements, of which payments in the future are recognised in accordance with IFRS15.

12 Trade and other receivables

	2018 £	2017 £
Trade receivables	89,974	237,915
Amounts owed by group undertakings	6,705,664	4,886,465
Prepayments and accrued income	65,953	91,300
Other receivables	16,021	19,185
	<u>6,877,612</u>	<u>5,234,864</u>

Accrued income consists mainly of revenue from the sale of software licences and receivables from professional services contracts in progress.

No security has been received with respect to trade receivables and all amounts are due within one year.

Amounts owed by group undertakings are unsecured, bear an interest at N-BOR + 0.5% p.a., (2018:1.13%) and are repayable on demand.

Notes to the financial statements for the year ended 31 December 2018 (continued)

13 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	47,153	50,784
Taxation and social security	160,988	191,933
Corporation tax	583,498	459,934
Accruals and deferred income	772,954	1,506,060
	1,564,593	2,208,711

Amounts falling due after more than one year totalled £Nil as at 31 December 2018 (2017: £Nil).

14 Provisions for liabilities

	Dilapidation provision £
Balance at 1 January 2018	22,303
Unwind of discount	1,115
	23,418
Balance at 31 December 2018	23,418

15 Post-employment benefits

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contribution payable is charged to the Statement of comprehensive income.

The amount recognised as an expense for the defined contribution scheme was:

	Year ended 31 December 2018	Year ended 31 December 2017
	£	£
Current year contributions	120,097	96,798

Notes to the financial statements for the year ended 31 December 2018 (continued)

16 Share-based payments

The parent company grants restricted stock units annually in April to key employees of the group as part of the long-term incentive program. These restricted stock units vest three years after being granted subject to continuing employment. Furthermore, the restricted stock units are subject to conditions with respect to average annual minimum revenue growth and annual net operating profit after tax for the three consecutive financial years including the year of grant. If the conditions are only partially satisfied, the undertaking with respect to the number of shares transferred after three years is reduced, and may possibly lapse completely.

Restricted stock units were granted to management and key employees of SimCorp Coric Limited in 2018. These restricted stock units will vest after three years subject to continuing employment. £7,211 was charged to the Statement of comprehensive income in respect of this program in the 2018 financial year (2017: £17,968).

Number of restricted stock units

	Grant Year	Vesting period	Outstanding as at 31 December 2017	Granted during the year	Vested during the year	Cancelled during the year	Outstanding as at December 2018
Long term incentive program	2018	Feb-21	-	927	-	-	927
Corporate bonus program	2018	Feb-21	-	169	-	-	169
Long term incentive program	2017	Feb-20	776	-	-	-	776
Corporate bonus program	2017	Feb-20	221	-	(59)	(13)	149
Long term incentive program	2016	Feb-19	396	-	-	-	396
Corporate bonus program	2016	Feb-19	261	-	(128)	-	133
Special agreement sign on bonus	2016	Feb-19	481	-	-	-	481
Total			2,135	1,096	(187)	(13)	3,031

17 Called up share capital

Ordinary shares of £0.00001 each

Allotted and fully paid

	No.	£
At 1 January 2018	12,000,000	120
At 31 December 2018	12,000,000	120

All shares rank pari passu in all respects.

Notes to the financial statements for the year ended 31 December 2018 (continued)

18 Other financial commitments

The Company has the following future minimum payments under non-cancellable operating leases as at 31 December:

	Land and buildings	
	2018	2017
Payments due	£	£
Under 1 year	88,000	88,000
Two to five years	168,667	256,667
	<u> </u>	<u> </u>

19 Ultimate parent undertaking

SimCorp A/S, incorporated in Denmark, is the largest and smallest entity in which the financial statements of the Company are included. SimCorp A/S is the Company's immediate and ultimate parent undertaking and is regarded by the directors as the Company's ultimate controlling party. Copies of its financial statements may be obtained from Weidekampsgade 16, DK-2300 Copenhagen S, Denmark

20 Dividends

	2018	2017
	£	£
Total dividends paid	2,000,000	1,286,065

A final dividend of £8,000,000 has been proposed for the year ended 31 December 2018. The dividend has not been accounted for within the current year financial statements as it has yet to be approved.