

SimCorp Coric Limited

Annual Report and Financial Statements
for the year ended 31 December 2019

Registered number 03856557



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Company information

Directors

M. Rosenvold
J. Muller
C Kromann

Secretary

M. Rosenvold

Independent Auditors

PricewaterhouseCoopers LLP
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London
WC2N 6RH

Bankers

Nordea Bank
8th Floor, City Place House
55 Basinghall Street
London
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Solicitors

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EC4A 1RS

Registered Office

The Development Centre
University of Wolverhampton Science Park
Glaisher Drive,
Wolverhampton,
West Midlands,
WV10 9RT

Strategic report

Strategic report for the year ended 31 December 2019

The directors present their Strategic report for SimCorp Coric Limited for the year ended 31 December 2019.

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 Limited signed six new clients in 2019, three through its subsidiary SimCorp Coric Inc. and two SimCorp Dimension clients acquired the Coric solution. These successes led to the business experiencing a satisfactory year.

The profit for the financial year amounted to £3,991,602 (2018: £465,717) and total shareholders' funds at 31 December 2019 totalled £5,540,728 (2018: £9,549,126).

The increasing market share of the business through new sales has positioned the business favourably to add further new business during 2020.

Key performance indicators ("KPIs")

The directors of SimCorp Group manage the group's operations on a divisional basis using a balanced scorecard. The 2019 scorecard consisted of three financial KPI's which are used to measure the divisions performance. The following are the results of these for Simcorp Coric Limited:

	Year ended 31 December 2019	Year ended 31 December 2018
	£	£
Professional Services Revenue	1,336,950	899,404
EBIT	4,946,349	513,752
New Customers	6	3

The development, performance and position of SimCorp as a group, which includes the company, are discussed in the Group's financial statements and do not form part of this report.

Principal risks and uncertainties

The Covid-19 pandemic is most current business risk affecting the company. The future outlook remains more uncertain than normal, as it is difficult to predict the length and impact of the lockdown measures and restrictions.

Other 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 Coric Limited 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 Coric Limited's strategy. SimCorp Coric Limited's business is based on specialised expertise and innovation. It is imperative that SimCorp Coric Limited 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 Coric Limited's policies and procedures are required to ensure an efficient management of risks identified.

Strategic report(continued)

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



Michael Rosenvold
Director
30 November 2020

Directors' report

The directors present their report and the audited financial statements of SimCorp Coric Limited for the year ended 31 December 2019.

Future developments

The future development of the business includes continuing its current activities, in the North America, EMEA and Asia Pacific regions.

As a consequence of Covid-19, the future outlook is more uncertain than normal as it is difficult to predict the length and impact of lock-downs and restrictions, as well as how client behaviour might change. Productivity across SimCorp Coric Limited's business has remained high due to a strong IT setup and high adaptability to virtual collaboration among our clients and employees working remotely on both product development, ongoing projects, and sales cases.

SimCorp Coric Limited remains committed to continue working on strengthen sales capabilities, delivery and client support. Our expectation is that the business will strive to build on the success of 2019.

Going concern

Despite the effects of Covid-19, the Directors believe due to most of SimCorp Coric Limited's revenue being recurring, as well as cost control measures, there is a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the financial statements.

Dividends

The directors recommend payment of a dividend of £4,300,000 (2018: £8,000,000).

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 (2018: 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' report (continued)

Directors

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

S. Keeler (resigned 8 January 2019)
J. Olivarius (resigned 7 June 2019)
M. Rosenvold
J. Muller (appointed 7 June 2019)
C Kromann (appointed 8 January 2020)

Research and development

The Company performs Research and Development (R&D) activities of SimCorp Coric Client Communications. The R&D costs charged to the Statement of comprehensive income for the year were £2,025,995 (2018: £1,821,742).

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' confirmations

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

- 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.

Directors' report (continued)

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



M Rosenvold
Director
30 November 2020

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 2019 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 2019; 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 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.

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

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

In light of the knowledge and understanding of the 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 7, 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.

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.

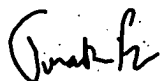
Other required reporting

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
30 November 2020

Statement of comprehensive income
For the year ended 31 December 2019

	Note	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Revenue	3	12,326,453	7,135,348
Cost of sales		(3,354,896)	(3,064,446)
Gross profit		8,971,557	4,070,902
Administrative expenses		(572,332)	(467,653)
Other operating income		750	1,222
Research and development cost		(2,025,995)	(1,821,742)
Sales and distribution cost		(1,427,631)	(1,268,977)
Operating profit	4	4,946,349	513,752
Finance income	6	36,599	78,199
Finance expense	6	(5,007)	(3,234)
Profit before taxation		4,977,941	588,717
Income tax expense	7	(986,339)	(123,000)
Profit for the financial year		3,991,602	465,717
Other comprehensive income for the financial year, net of tax			
Total comprehensive income for the financial year		3,991,602	465,717

The notes on pages 15 to 32 form part of the financial statements.

Statement of financial position
As at 31 December 2019

	Note	As at 31 December 2019 £	As at 31 December 2018 £
Fixed assets			
Property, plant and equipment	8	174,640	116,946
Investments in subsidiaries	9	1,000	1,000
Deferred tax asset	10	19,744	18,549
		195,384	136,495
Current assets			
Contract assets	11	2,834,272	3,376,808
Trade and other receivables	12	4,209,691	6,877,612
Cash and cash equivalents		142,107	746,222
		7,186,070	11,000,642
Creditors: amounts falling due within one year	13	(1,716,463)	(1,564,593)
Net current assets		5,469,607	9,436,049
Total assets less current liabilities		5,664,991	9,572,544
Provision for liabilities	14	(124,263)	(23,418)
Net assets		5,540,728	9,549,126
Capital and reserves			
Called up share capital	17	120	120
Share premium		722,222	722,222
Retained earnings		4,818,386	8,826,784
Total shareholders' funds		5,540,728	9,549,126

The notes on pages 15 to 32 form part of the financial statements.

These financial statements on pages 12 to 32 were approved by the board of directors and were signed on its behalf by:



M Rosenvold

Director

Company registered number: 03856557

Statement of changes in equity
For the year ended 31 December 2019

	Called up share capital	Share premium account	Retained earnings	Total shareholders' funds
	£	£	£	£
Balance as at 1 January 2018	120	722,222	10,361,067	11,083,409
Profit and total comprehensive expense 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
Balance at 1 January 2019	120	722,222	8,826,784	9,549,126
Profit and total comprehensive income for the financial year	-	-	3,991,602	3,991,602
Dividends paid to shareholders	-	-	(8,000,000)	(8,000,000)
Balance at 31 December 2019	120	722,222	4,818,386	5,540,728

The notes on pages 15 to 32 form part of the financial statements.

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

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 and domiciled 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 the Companies Act 2006 as applicable to companies using 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 pages 21 to 22.

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:
 - 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 2019 (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.
- Under FRS 101, the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers

Going concern

As a consequence of Covid-19 the future outlook is more unpredictable, however productivity across SimCorp Coric Limited's business has remained high. 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 16

The company adopted IFRS 16 'Leases' effective 1 January 2019. The standard has a significant impact on the Balance sheet, as leases are recognised in the Balance sheet as property, plant, and equipment and lease liabilities.

In the income statement, the lease cost is replaced by depreciation of leased asset and an interest expense for the financial liability, but the impact is insignificant.

The cumulative effect of adopting IFRS 16 has been 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 publicly 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 2019 (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.

Investments in subsidiaries

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

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 initially recognised at fair value, and subsequently carried at amortised cost less expected loss allowance. Expected loss allowance is recorded on a portfolio basis. The simplified approach is applied and on initial measurement of receivables, all credit losses expected during the lifetime of the receivables are considered.

Additionally, allowances for individual receivables are recognised if there is objective evidence of credit impairment. Account balances are written off either partially or in full if judged that the likelihood of recovery is remote.

Expected loss allowance and impairments are recognised in the Statement of comprehensive income as Administrative expenses.

Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Accounting policies, estimates and judgements (continued)

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.

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.

2 Accounting policies, estimates and judgements (continued)

Revenue

Rental of software and subscription agreements are agreements that give clients the right to use the SimCorp Coric Limited 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 Contract assets. Amounts billed in advance of recognising turnover are recorded as Contract liabilities.

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.

Leases

Since the adoption of IFRS 16, leases are recognised in the Balance sheet as property, plant, and equipment and lease liabilities. In the income statement, the lease cost is replaced by depreciation of leased asset and an interest expense for the financial liability, but the impact is insignificant.

Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Accounting policies, estimates and judgements (continued)

Contract assets

Contract assets primarily relate to the Company's rights to consideration for software licensed to clients under subscription or fixed term agreements which include payments in the future, subsequent to revenue recognition. If the timing of payments specified in the contract provides the client with significant financing benefit, the transaction price is adjusted to reflect this financing component.

Contract liabilities

Contract liabilities represent mainly prepayments from clients for unsatisfied or partially satisfied performance obligations in relation to licences, software updates and support, and services. Software updates and support and hosting billing generally occur at periodic intervals (e.g. quarterly or yearly) prior to revenue recognition, resulting in contract liabilities.

The majority of licence agreements is revenue recognised in the year of sale. However, contracts with functionality gaps or acceptance criteria may have revenue recognition deferred, resulting in a contract liability when billing has occurred. Contracts in progress relating to fixed fee professional services are measured at the estimated sales value of the proportion of the contract completed at the balance sheet date. Amounts invoiced on account in excess of work completed are included in prepayments under current liabilities.

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.

Notes to the financial statements for the year ended 31 December 2019 (continued)

2 Accounting policies, estimates and judgements (continued)

Critical accounting estimates and judgements

Revenue recognition

Contract identification – Contracts can include several components. The total contract sum is allocated to the separate performance obligations for the purpose of revenue recognition. Separate contracts with the same client are treated as one contract if entered into at or near the same time and are economically interrelated. In determining whether the various contracts are interrelated judgment is required. Considerations include: whether the contracts were negotiated as a package with a single commercial objective, whether the amount of consideration on one contract is dependent on the performance of another contract, or if some or all offerings in the contract are a single performance obligation.

Additional agreements with existing clients can be a new contract or a modification to existing contracts. Judgment making this determination considers: the presence of a connection between the new agreement and pre-existing contracts, whether the subscription fees, licence fees, software updates and support fees or services under the new agreement are highly interrelated with the same under prior agreements, and how such fees or services under the new agreements are priced.

Performance obligation identification – Contracts often include several components. Licence fees from new clients or from additional sales to existing clients, software updates and support fees, professional services, hosting constitute the main performance obligations. The fees allocated to the different performance obligations are recognised separately.

The only performance obligation related to licence agreements has been identified as the right to use the software. The right to use software licence is considered a separate performance obligation when it satisfies the following conditions: can be delivered separately from other services, can be installed by a third party, can be used without upgrades, and is functional without upgrades or technical support.

Judgment is required in determining whether a component is considered a separate performance obligation, in particular, professional services and implementation activities. Consideration is given as to whether the services significantly integrate, customise or modify the software or hosting offering. In general, implementation services and activities go beyond setup and qualify as a separate performance obligation.

Options to acquire additional components such as renewals or additional volumes require judgment in determining whether such options provide a material right to the client which the client would not receive without entering into that contract. In this judgment it is considered whether the options entitle the customer to a discount that exceeds the discount granted for the respective subscriptions fees, licence fees, software updates and support fees sold with the option.

Transaction price – Judgment is applied in determining the amount to which SimCorp Coric Limited expects to be entitled in exchange for transferring licences and software updates and support to a customer. The consideration attributable to licence fees in subscription-based agreements are discounted to net present value when the value of the financing element is deemed significant. If the period between licences transfer, software updates and support and payment from the clients is a year or less, no financing element is recognised.

A hierarchy has been established to identify the standalone selling prices used to allocate the transaction price of a customer contract to the performance obligations in the contract. Where standalone selling prices for a performance obligation are observable and reasonably consistent across customers, estimates are derived from SimCorp Coric Limited's pricing history. Where sales prices are not directly observable or are highly variable across customers, estimation techniques are applied, such as a cost-plus-margin approach, often applied to third party products.

2 Accounting policies, estimates and judgements (continued)

Critical accounting estimates and judgements (continued)

If not renewable, with highly variable pricing, and no substantial direct costs to estimate based on a cost-plus-margin approach, allocation is achieved by applying a residual approach. We use this technique in particular for licence and software updates and support. Once the standalone price for other components is estimated, an apportionment is applied to allocate the price between licence and software updates and support after deducting other performance obligations from the total consideration as follows:

	Coric
Licences	75%
Software updates and support	25%
Total apportionment	100%

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.

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 Limited'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.

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 2019 (continued)

3 Revenue

Analysis of revenue by geography:

	Year ended 31 December 2019	Year Ended 31 December 2018
	£	£
United Kingdom	3,449,509	2,679,567
Rest of Europe	4,007,209	3,561,139
Rest of the World	4,869,735	894,642
	<u>12,326,453</u>	<u>7,135,348</u>

Analysis of revenue by category:

	Year ended 31 December 2019	Year Ended 31 December 2018
	£	£
Licence	1,911,498	1,866,598
Maintenance	990,259	808,608
Services	1,336,950	899,404
Intragroup income	8,087,746	3,560,738
	<u>12,326,453</u>	<u>7,135,348</u>

4 Operating profit

Operating profit is stated after charging:

	Year ended 31 December 2019	Year ended 31 December 2018
	£	£
Wages and salaries	4,094,597	3,681,359
Social security costs	497,782	435,461
Other pension costs	142,449	120,097
Share based payments (note 16)	-	7,211
Total staff costs	<u>4,734,828</u>	<u>4,244,128</u>
Depreciation on tangible assets (note 8)	90,467	40,075
Operating lease charges	-	164,995
Foreign exchange loss	25,526	7,794
Audit fees payable to the company's auditor	21,060	21,060

Notes to the financial statements for the year ended 31 December 2019 (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 2019	Year ended 31 December 2018
By activity		
Consultancy	23	21
Development	20	19
Administration	12	11
	<u>55</u>	<u>51</u>

Directors

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

	Year ended 31 December 2019	Year ended 31 December 2018
	£	£
Aggregate emoluments	194,486	324,497
Of which: highest paid director's emoluments	194,486	222,181
Highest paid director's employer's pension contribution	7,480	4,883
	<u>194,486</u>	<u>324,497</u>

6 Finance income and expense

	Year ended 31 December 2019	Year ended 31 December 2018
	£	£
Finance income	1,140	520
Interest receivable from group undertakings	35,459	77,679
	<u>36,599</u>	<u>78,199</u>
Interest expenses and bank charges	(2,387)	(2,119)
Unwind of discount	(1,171)	(1,115)
Interest expense on lease liabilities (note 14)	(1,449)	-
	<u>(5,007)</u>	<u>(3,234)</u>
Total Finance expense	(5,007)	(3,234)
	<u>31,592</u>	<u>74,965</u>
Net finance income	31,592	74,965

Notes to the financial statements for the year ended 31 December 2019 (continued)

7 Income tax expense on ordinary activities

	Year ended 31 December 2019	Year ended 31 December 2018
	£	£
Tax income included in profit and loss		
Current tax		
- UK corporation tax on profit for the year	966,248	113,534
- Adjustment in respect to previous years	21,287	22,509
Total current tax	987,535	136,043
Deferred tax		
- Origination and reversal of temporary differences	(3,518)	(11,088)
- Adjustment in respect of previous years	-	(1,955)
- Impact of changes in tax rates	2,322	-
Total deferred tax	(1,196)	(13,043)
Tax expense on profit on ordinary activities	986,339	123,000

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

	Year ended 31 December 2019	Year ended 31 December 2018
	£	£
Profit before taxation	4,977,941	588,717
Profit multiplied by standard rate in the UK 19.00% (2018: 19.00%)	945,809	111,857
Effects of:		
- Income not deductible for tax purposes	16,921	(9,411)
- Adjustment in respect to previous years	21,287	22,509
- Prior year adjustment, deferred tax	-	(1,955)
- Other	2,322	-
Tax expense on profit on ordinary activities	986,339	123,000

The tax rate for the current year remains the same as the prior year at 19.00%.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Notes to the financial statements for the year ended 31 December 2019 (continued)

8 Property, plant and equipment

	Shorthold lease property and improvements	Office equipment	Computer equipment	Right-of use-asset buildings	Total
	£	£	£	£	£
Cost					
At 1 January 2019	143,341	57,062	7,108	-	207,511
Additions	-	-	3,379	144,782	148,161
At 31 December 2019	143,341	57,062	10,487	144,782	355,672
Accumulated depreciation					
At 1 January 2019	59,725	23,732	7,108	-	90,565
Charge for year	28,667	11,407	754	49,639	90,467
At 31 December 2019	88,392	35,139	7,862	49,639	181,032
Net book value					
At 31 December 2019	54,949	21,923	2,625	95,143	174,640
At 31 December 2018	83,616	33,330	-	-	116,946

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.

	2019 £	2018 £
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 2019 (continued)

10 Deferred tax asset

The analysis of deferred tax assets is as follows:

	2019 £	2018 £
Deferred tax asset		
At 1 January	18,549	5,506
Movement in deferred tax asset	3,518	13,043
Change in tax rate	(2,323)	-
	<u>19,744</u>	<u>18,549</u>
At 31 December	<u>19,744</u>	<u>18,549</u>
The elements of deferred taxation are as follows:		
Tangible assets	19,744	18,549
	<u>19,744</u>	<u>18,549</u>
At 31 December	<u>19,744</u>	<u>18,549</u>

There is no unrecognised deferred tax asset. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

11 Contract Assets

	2019 £	2018 £
Contract assets	2,842,472	3,376,808
IFRS 9 provision/loss allowance	(8,200)	-
	<u>2,834,272</u>	<u>3,376,808</u>
	<u>2,834,272</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. Once invoices are issued the contract asset balance decreases.

Notes to the financial statements for the year ended 31 December 2019 (continued)

12 Trade and other receivables

	2019 £	2018 £
Trade receivables	858,254	89,974
Amounts owed by group undertakings	3,283,596	6,705,664
Prepayments and accrued income	48,594	65,953
Other receivables	19,247	16,021
	<u>4,209,691</u>	<u>6,877,612</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.

Under IFRS 9 a provision for impairment of £461 (2018: £39) has been made in 2019 for trade receivables.

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

13 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	108,750	47,153
Taxation and social security	242,218	160,988
Corporation tax	169,236	583,498
Accruals	603,073	426,306
Contract liabilities	593,186	346,648
	<u>1,716,463</u>	<u>1,564,593</u>

Amounts falling due after more than one year totalled £Nil as at 31 December 2019 (2018: £Nil). The amount of Contract liabilities income recognised in 2019 that was included in Contract liabilities at 31 December 2018 is £315,746.

Notes to the financial statements for the year ended 31 December 2019 (continued)

14 Provisions for liabilities

	Dilapidation provision £	Office lease provision £	Total provision £
Balance at 1 January 2019	23,418	153,179	176,597
Unwinding of discount	1,171	-	1,171
Interest	-	1,449	1,449
Lease payments	-	(54,954)	(54,954)
	<u>24,589</u>	<u>99,674</u>	<u>124,263</u>

The dilapidation provision will cease at the end of the lease term in November 2021.

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 2019 £	Year ended 31 December 2018 £
Current year contributions	142,449	120,097

Notes to the financial statements for the year ended 31 December 2019 (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 2019. These restricted stock units will vest after three years subject to continuing employment. £Nil was charged to the Statement of comprehensive income in respect of this program in the 2019 financial year (2018: £7,211).

Number of restricted stock units

	Grant Year	Vesting period	Outstanding as at 1 January 2019	Granted during the year	Vested during the year	Cancelled during the year	Outstanding as at December 2019
Corporate bonus program	2019	Feb-22	-	258	-	-	258
Long term incentive program	2019	Feb-22	-	650	-	-	650
Long term incentive program	2018	Feb-21	927	-	-	-	927
Corporate bonus program	2018	Feb-21	169	-	(56)	-	113
Long term incentive program	2017	Feb-20	776	-	-	-	776
Corporate bonus program	2017	Feb-20	149	-	(59)	(13)	77
Long term incentive programme	2016	Feb-19	396	-	(386)	(10)	-
Corporate bonus program	2016	Feb-19	133	-	(133)	-	-
Special agreement sign on bonus	2016	Feb-19	481	-	(481)	-	-
Total			3,031	908	(1,115)	(23)	2,801

17 Called up share capital

Ordinary shares of £0.00001 each

Allotted and fully paid

	No.	£
At 1 January 2019	12,000,000	120
At 31 December 2019	12,000,000	120

All shares rank pari passu in all respects.

Notes to the financial statements for the year ended 31 December 2019 (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	
	2019	2018
Payments due	£	£
Under 1 year	-	88,000
Two to five years	-	168,667
	<u> </u>	<u> </u>

From 1 January 2019, right-of-use assets have been recognised for these leases, except for short-term and low-value leases and thus at the end of 2019 the balances are nil.

19 Effect of the adoption of IFRS 16

As indicated in notes 2, the company has adopted IFRS 16 Leases retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in note 2.

On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 1.13%.

The impacts of the policy change in 2019 were as follows:

Operating lease commitments disclosed as at 31 December 2018	256,667
Less: service charge accounted for as a non-lease component	(100,962)
Discounted using 1.13%	(2,526)
Lease liability recognised as at 1 January 2019	<u>153,179</u>
Interest	1,449
Lease payments in 2019	(54,954)
Lease liability recognised as at 31 December 2019	<u>99,674</u>
Current lease liabilities	54,112
Non-current lease liabilities	45,562
	<u>99,674</u>

Notes to the financial statements for the year ended 31 December 2019 (continued)

20 Dividends

	2019 £	2018 £
Total dividends paid	8,000,000 (£0.67 per share)	2,000,000 (£0.17 per share)

A final dividend of £4,300,000 (£0.36 per share) has been proposed for the year ended 31 December 2019. The dividend has not been accounted for within the current year financial statements as it has yet to be approved.

21 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

22 Post balance sheet events

The Covid-19 pandemic in the United Kingdom is part of the worldwide pandemic of coronavirus disease 2019 (Covid-19) caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). The virus reached the UK in late January 2020. In March 2020, the UK government imposed lockdown measures to prevent further spread of the virus and as a result all Simcorp Coric Limited's staff were advised to work from home.

As at November 2020, the UK government imposed a second lockdown. As people up and down the country face tougher restrictions, the majority of Simcorp Coric Limited's staff continue to work from home. At this point it is difficult to predict the full financial impact of this event.

There were no other post balance sheet events in 2020 at the date of signing these accounts.