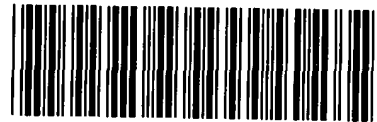


Company Registration No. 06448163 (England and Wales)

**THIRD FINANCIAL SOFTWARE LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2021**

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# THIRD FINANCIAL SOFTWARE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	E Barroll Brown I Partington M Scott R Foster T Morrell
<b>Company number</b>	06448163
<b>Registered office</b>	Birchin Court Birchin Lane London England EC3V 9DU
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

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# THIRD FINANCIAL SOFTWARE LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present the group strategic report for the year ended 31 December 2021.

#### **Review of Business**

##### ***Third Financial Software***

2021 was a year of continual improvement in our core Tercero product alongside the exciting new development of our micro-services architecture, Photon. Our software continues to provide the backbone of our platform business in addition to supporting our long-standing software-only clients.

Revenue for the year was broadly in line with expectations, including the acceleration in Q4 which augurs well for a strong 2022.

##### ***Third Platform Services***

2021 was another year of very good financial performance built on the back of exceptional customer service and our peerless software, Tercero, increasingly supported by the new Photon suite. We continued to see very strong growth. Revenues increased by 80% over 2020 as we continued our successful drive to be the platform of choice for Wealth Managers, IFAs and other market entrants.

##### ***Group***

2021 was another terrific year for the Third Financial Group. Overall revenues were up almost 40% over the previous year and this drove a dramatic increase in the bottom-line performance with a 3.5 fold increase over 2020. The pipeline for new business is in very good shape and we expect growth to continue into 2022 and beyond.

#### **Section 172 Statement**

In accordance with the Companies Act 2006 (the 'Act') the Directors provide this statement describing how they have had regard to the matters set out in section 172(1) of the Act, when performing their duty to promote the success of the Group, under section 172.

The board of directors of Third Financial Software Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the group for the benefit of its shareholders in the decisions taken during the year ended 31 December 2021.

The board have set the strategy to focus on the long term success of the Group, and have progressed on that through investment in our people and our software.

As a business to business and business to customer Group, we have focused on a client centric business model making sure that our customers and clients benefit from continual improvements to our service.

There has been a real focus on employee engagement through regular briefings to all staff on company results and strategy. We have also focused on improving the benefits available to all staff.

# THIRD FINANCIAL SOFTWARE LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Principal Risks and Uncertainties

The Group faces a number of risks and uncertainties that may have an impact on its operation or future performance.

It is important for the Board to effectively manage risks and opportunities in seeking to achieve the Group's objectives. The directors have overall responsibility for risk management and internal control systems.

The risks and uncertainties described below represent those which the directors consider to be the most significant in achieving the Group's objectives.

#### Adverse economic and business conditions:

Changing UK conditions and reduction in the UK financial market could adversely affect the Group's trading financial position and prospects.

#### Market Intelligence:

The failure to understand or anticipate changes in the external environment including customer needs, emerging market trends, competitor strategies and regulatory or legal requirements could affect the Group's trading financial position.

#### Competitive positioning & product development:

Risk that the Group is unable to clearly identify the approach to the market or deploy competitive advantage including product development. The financial services industry in the UK remains very competitive. The Company will need to continue to invest in its operational and technology infrastructure to ensure it remains competitive in the market.

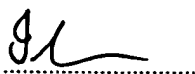
#### IT resilience and data security:

The risk of disruption in our technological service or a data security breach as a result of malicious actions, poor IT practice or IT system failure.

#### Key Performance Indicators

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

On behalf of the board



I PARTINGTON . DIRECTOR

Date: 27.4.22

# THIRD FINANCIAL SOFTWARE LIMITED

## CHAIRMAN'S REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The Third Financial Group provides Investment Management Software and Investment Platform Services to Wealth Managers, Family Offices, IFAs and FinTech App providers.

In last year's Chairman's Statement I said that "...we are confident that 2021 will prove to be another exceptional year for the Group." I am delighted to announce that this confidence was well-placed. The year just gone has proven to be another year of terrific performance with revenue, the vast majority of which is contractual recurring, up nearly 40% and even stronger growth in the bottom line. The outstanding results we present here are driven by our commitment to always "going the extra mile" for our clients while delivering leading-edge technological solutions and efficient transaction processing.

Our proprietary technology, Tercero, continues to sit at the heart of all our activity and we have strengthened it this year with the introduction of Photon, our new micro-services architecture. We continue to invest in all aspects of the business to ensure we continue to stay ahead of the competition.

I would like to take the opportunity on behalf of the board of directors to thank all of our staff for their outstanding commitment and hard work as we transitioned to a hybrid working model.

On behalf of the board



.....  
Roger Foster

Date: 27 April 22  
.....

# THIRD FINANCIAL SOFTWARE LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present their group annual report and financial statements for the year ended 31 December 2021.

#### Principal activities

The principal activity of the company continued to be that of software development. The principal activity of the subsidiary continued to be that of Model B clearing, custody and related services.

#### Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

E Barroll Brown

I Partington

M Scott

R Foster

O Thomas

T Morrell

(Resigned 22 March 2021)

(Appointed 22 March 2021)

#### Directors' insurance

The group maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the group.

#### Future developments

The group operates in a highly capital-intensive industry and the directors are committed to a long-term investment programme. The capital investment is mainly into the software development. The company continues to pursue new contracts and opportunities.

#### Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Energy and carbon reporting

As the group has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# THIRD FINANCIAL SOFTWARE LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### Going concern

The directors have prepared the financial statements on a going concern basis. They have carried out a detailed review of the trading position and cash flow projections for the foreseeable future, including stress testing of the business. No scenario where the group was stressed resulted in an inability to meet its medium-term cash requirements. The directors are confident that sufficient financial resources will be available to enable the group to meet the cash requirements as set out in the relevant projections for a period of at least 12 months from the date of approval of these financial statements.

On behalf of the board



J PARTINGTON . DIRECTOR

Date: 27.4.22

# **THIRD FINANCIAL SOFTWARE LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

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

Company law requires the directors to prepare group and company financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THIRD FINANCIAL SOFTWARE LIMITED**

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### **Opinion**

We have audited the financial statements of Third Financial Software Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THIRD FINANCIAL SOFTWARE LIMITED (CONTINUED)**

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### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud having obtained an understanding of the effectiveness of the control environment.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THIRD FINANCIAL SOFTWARE LIMITED (CONTINUED)

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are the rules and principles set by the Financial Conduct Authority (FCA) as regulator for the financial services industry in the UK. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these laws and regulations. We inspected compliance documentation including, but not limited to, internal procedures manuals, risk and breaches registers, regulatory returns and correspondence with the FCA as well as considering compliance with the conditions for authorization and other regulatory obligations.

The group audit engagement team identified the risk of management override of controls and valuation of intangible assets as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the valuation of intangible assets.

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

### Use of our report

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

*RSM UK Audit LLP*

David Fenton (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB  
United Kingdom  
27/4/2022

# THIRD FINANCIAL SOFTWARE LIMITED

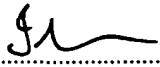
## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	8,249,958	5,961,432
Cost of sales		(3,162,070)	(2,777,004)
<b>Gross profit</b>		<b>5,087,888</b>	<b>3,184,428</b>
Administrative expenses		(4,217,461)	(2,992,368)
<b>Operating profit</b>	6	<b>870,427</b>	<b>192,060</b>
Interest receivable and similar income	8	132	4,915
Interest payable and similar expenses	9	(13,920)	(51,900)
<b>Profit before taxation</b>		<b>856,639</b>	<b>145,075</b>
Tax on profit	10	512,044	235,910
<b>Profit for the financial year</b>		<b>1,368,683</b>	<b>380,985</b>
Profit for the financial year is attributable to:			
- Owners of the parent company		1,368,683	379,173
- Non-controlling interests		-	1,812
		<b>1,368,683</b>	<b>380,985</b>
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		1,368,683	379,173
- Non-controlling interests		-	1,812
		<b>1,368,683</b>	<b>380,985</b>

**THIRD FINANCIAL SOFTWARE LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	11	2,929,210		2,492,425	
Tangible assets	12	51,257		11,328	
		<u>2,980,467</u>		<u>2,503,753</u>	
<b>Current assets</b>					
Debtors	15	1,878,188		884,264	
Cash at bank and in hand		4,517,536		4,412,390	
		<u>6,395,724</u>		<u>5,296,654</u>	
<b>Creditors: amounts falling due within one year</b>	16	(2,735,416)		(2,326,790)	
<b>Net current assets</b>		<u>3,660,308</u>		<u>2,969,864</u>	
<b>Total assets less current liabilities</b>		<u>6,640,775</u>		<u>5,473,617</u>	
<b>Creditors: amounts falling due after more than one year</b>	17	-		(201,573)	
<b>Provisions for liabilities</b>	19	(5,711)		(22,060)	
<b>Net assets</b>		<u>6,635,064</u>		<u>5,249,984</u>	
<b>Capital and reserves</b>					
Called up share capital	21	19,374		19,374	
Share premium account	22	5,821,400		5,821,400	
Profit and loss reserves	22	794,290		(590,790)	
<b>Total equity</b>		<u>6,635,064</u>		<u>5,249,984</u>	

The financial statements were approved by the board of directors and authorised for issue on 27.4.22 and are signed on its behalf by:


  
 I PARTINGTON  
 Director

**THIRD FINANCIAL SOFTWARE LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	11	2,929,210		2,492,425	
Tangible assets	12	28,413		7,208	
Investments	13	2,751,667		2,751,667	
		<u>5,709,290</u>		<u>5,251,300</u>	
<b>Current assets</b>					
Debtors	15	1,121,255		212,933	
Cash at bank and in hand		155,609		1,273,547	
		<u>1,276,864</u>		<u>1,486,480</u>	
<b>Creditors: amounts falling due within one year</b>	16	<u>(2,036,278)</u>		<u>(1,463,005)</u>	
<b>Net current (liabilities)/assets</b>			<u>(759,414)</u>		<u>23,475</u>
<b>Total assets less current liabilities</b>			<u>4,949,876</u>		<u>5,274,775</u>
<b>Creditors: amounts falling due after more than one year</b>	17		-		(14,073)
<b>Provisions for liabilities</b>	19		-		(22,060)
<b>Net assets</b>			<u>4,949,876</u>		<u>5,238,642</u>
<b>Capital and reserves</b>					
Called up share capital	21		19,374		19,374
Share premium account	22		5,821,400		5,821,400
Profit and loss reserves	22		(890,898)		(602,132)
<b>Total equity</b>			<u>4,949,876</u>		<u>5,238,642</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's loss for the year was £305,163 (2020 - £122,844 profit).

The financial statements were approved by the board of directors and authorised for issue on 27.1.22 and are signed on its behalf by:

  
 I PARTINGTON  
 Director

**THIRD FINANCIAL SOFTWARE LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital £	Share premium account £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
<b>Balance at 1 January 2020</b>	17,167	4,322,832	(1,022,252)	3,317,747	(18,613)	3,299,134
<b>Year ended 31 December 2020:</b>						
Profit and total comprehensive income for the year	-	-	379,173	379,173	1,812	380,985
Issue of share capital	2,207	1,498,568	-	1,500,775	-	1,500,775
Credit to equity for equity settled share-based payments	-	-	52,289	52,289	-	52,289
Purchase of shares in subsidiary from non-controlling interest	-	-	-	-	16,801	16,801
<b>Balance at 31 December 2020</b>	19,374	5,821,400	(590,790)	5,249,984	-	5,249,984
<b>Year ended 31 December 2021:</b>						
Profit and total comprehensive income for the year	-	-	1,388,683	1,388,683	-	1,388,683
Credit to equity for equity settled share-based payments	-	-	16,397	16,397	-	16,397
<b>Balance at 31 December 2021</b>	19,374	5,821,400	794,280	6,635,064	-	6,635,064

# THIRD FINANCIAL SOFTWARE LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2020</b>		17,167	4,322,832	(777,265)	3,562,734
<b>Year ended 31 December 2020:</b>					
Profit and total comprehensive income for the year		-	-	122,844	122,844
Issue of share capital	21	2,207	1,498,568	-	1,500,775
Credit to equity for equity settled share-based payments		-	-	52,289	52,289
<b>Balance at 31 December 2020</b>		19,374	5,821,400	(602,132)	5,238,642
<b>Year ended 31 December 2021:</b>					
Loss and total comprehensive income for the year		-	-	(305,163)	(305,163)
Credit to equity for equity settled share-based payments		-	-	16,397	16,397
<b>Balance at 31 December 2021</b>		19,374	5,821,400	(890,898)	4,949,876

# THIRD FINANCIAL SOFTWARE LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	23	2,420,377		1,181,740	
Interest paid		(13,920)		(51,900)	
Income taxes (paid)/refunded		-		308,715	
<b>Net cash inflow from operating activities</b>		<b>2,406,457</b>		<b>1,438,555</b>	
<b>Investing activities</b>					
Purchase of minority interest		-		(1,250)	
Purchase of intangible assets	(1,696,031)			(1,290,647)	
Purchase of tangible fixed assets	(65,114)			(14,234)	
Interest received	132			4,915	
<b>Net cash used in investing activities</b>		<b>(1,761,013)</b>		<b>(1,301,216)</b>	
<b>Financing activities</b>					
Proceeds from issue of shares		-		1,500,775	
Repayment of borrowings	(290,298)			(418,642)	
Proceeds of new bank loans		-		250,000	
Repayment of bank loans	(250,000)			-	
Payment of finance leases obligations		-		(338)	
<b>Net cash (used in)/generated from financing activities</b>		<b>(540,298)</b>		<b>1,331,795</b>	
<b>Net increase in cash and cash equivalents</b>		<b>105,146</b>		<b>1,469,134</b>	
Cash and cash equivalents at beginning of year		4,412,390		2,943,256	
<b>Cash and cash equivalents at end of year</b>		<b>4,517,536</b>		<b>4,412,390</b>	

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

##### Company information

Third Financial Software Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Birchin Court, Birchin Lane, London, England, EC3V 9DU.

The group consists of Third Financial Software Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

##### Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flows and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are included within these consolidated financial statements of Third Financial Software Limited.

##### Basis of consolidation

The consolidated financial statements incorporate those of Third Financial Software Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies (Continued)

##### Going concern

The directors have prepared the financial statements on a going concern basis. They have carried out a detailed review of the trading position and cash flow projections for the foreseeable future, including stress testing of the business. No scenario where the group was stressed resulted in an inability to meet its medium-term cash requirements. The directors are confident that sufficient financial resources will be available to enable the group to meet the cash requirements as set out in the relevant projections for a period of at least 12 months from the date of approval of these financial statements.

##### Turnover

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

The Group reports revenue under two revenue categories:

- Provision of software licences
- Model B clearing, custody and related services

Provision of software revenue occurs in three categories:

- Software licences
- Other software related services which include sale of professional services
- Outsourced software charges

Software licences - the Group recognises the revenue allocated to software licences when all the following conditions have been satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the licence;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other services (which includes the sale of professional services and training) - revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of the transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group;
- The state of completion of the transaction at the balance sheet date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Outsourced software charges are recognised when the risks and rewards of the outsourced service have been performed.

Model B clearing, custody and related services - the Group recognises revenue based on the value of assets for which it is providing clearing, custody and related services. The revenue is recognised as the service is being performed.

Ongoing recurring fees are invoiced on a monthly or quarterly basis and the relevant amount is recognised in the financial statements on a monthly basis. Other services are invoiced and recognised in the same accounting period as the period to which they relate.

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies (Continued)

##### **Intangible fixed assets - goodwill**

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is usually expected to be five years.

Goodwill arising on the acquisition of part of the non-controlling interest in a subsidiary company during the year had been fully amortised during the prior year.

##### **Intangible fixed assets other than goodwill**

Intangible Fixed Assets other than Goodwill relates to the non-physical assets used by the Group to generate revenues and profits. These are completed pieces of software development and in-process software development excluding the research component, which is expensed.

Maintenance and design costs are also expensed. These assets are measured at cost less accumulated amortisation. The cost incurred in developing software enhancements is capitalised in full in the year of development then amortised on a straight line basis over the subsequent 3 years.

##### **Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	33.33% reducing balance
Fixtures and fittings	Straight line over 3 years and straight line over 1 year
Computers	Straight line over 2 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

##### **Fixed asset investments**

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (Continued)

#### **Impairment of fixed assets**

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

#### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand and at bank.

#### **Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies (Continued)

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and finance leases, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

##### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

##### ***Equity instruments***

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies (Continued)

##### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

##### **Deferred tax**

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allowed for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

##### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies (Continued)

##### Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

##### Share based payment

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using an internal company model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

A share based payment charge of £16,397 (2020: £52,289) arises in the year.

The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

##### Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

##### Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Critical judgements

##### *Amortisation of Intangible assets*

The company exercises judgment to determine useful lives and residual values of intangible fixed assets. The assets are amortised down to their residual values over their estimated useful lives.

### 3 Turnover and other revenue

	2021	2020
	£	£
<b>Turnover analysed by class of business</b>		
Provision of software	2,937,501	3,003,497
Model B clearing, custody and related services	5,312,457	2,957,935
	<u>8,249,958</u>	<u>5,961,432</u>
	2021	2020
	£	£
<b>Other revenue</b>		
Interest income	132	4,915
	<u>132</u>	<u>4,915</u>
	2021	2020
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	8,169,957	5,909,112
Europe	80,001	52,320
	<u>8,249,958</u>	<u>5,961,432</u>

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 4 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Management and Administration	11	9	6	5
Business analysts	27	20	10	5
Developers	24	22	24	22
<b>Total</b>	<b>62</b>	<b>51</b>	<b>40</b>	<b>32</b>

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	4,070,901	3,261,454	2,228,855	1,802,898
Social security costs	448,064	272,747	243,456	118,789
Pension costs	226,388	181,479	129,918	107,519
	<b>4,745,353</b>	<b>3,715,680</b>	<b>2,602,229</b>	<b>2,029,206</b>

The amounts above include capitalised costs of £1,544,185 (2020: £1,224,542).

### 5 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	576,905	555,095
Company pension contributions to defined contribution schemes	31,125	30,000
	<b>608,030</b>	<b>585,095</b>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	398,543	401,450
Company pension contributions to defined contribution schemes	20,625	20,625

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 5 Directors' remuneration (Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2).

The number of directors who exercised share options during the year was nil (2020: 1), being the highest paid director.

#### 6 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	12,598	(78,803)
Depreciation of owned tangible fixed assets	25,185	42,024
Depreciation of tangible fixed assets held under finance leases	-	444
Amortisation of intangible assets	1,259,246	1,150,288
Share-based payments	16,397	52,289
Operating lease charges	152,198	190,603
	<u>          </u>	<u>          </u>

#### 7 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	20,800	22,500
Audit of the financial statements of the company's subsidiaries	10,200	9,000
	<u>          </u>	<u>          </u>
	31,000	31,500
	<u>          </u>	<u>          </u>
<b>For other services</b>		
Other assurance services	59,000	25,000
Taxation compliance services	9,000	12,100
Other taxation services	28,500	24,000
All other non-audit services	12,250	12,000
	<u>          </u>	<u>          </u>
	108,750	73,100
	<u>          </u>	<u>          </u>

#### 8 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	132	4,915
	<u>          </u>	<u>          </u>

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	13,920	51,900

### 10 Taxation

	2021	2020
	£	£
<b>Current tax</b>		
Adjustments in respect of prior periods	-	28,789
<b>Deferred tax</b>		
Origination and reversal of timing differences	(503,051)	(267,326)
Changes in tax rates	(8,993)	34,928
Adjustment in respect of prior periods	-	(32,301)
<b>Total deferred tax</b>	(512,044)	(264,699)
<b>Total tax credit</b>	(512,044)	(235,910)

The total tax credit for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	856,639	145,075
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	162,761	27,564
Tax effect of expenses that are not deductible in determining taxable profit	22,440	12,755
Research and development tax credit	(466,360)	(348,242)
Other permanent differences	9,970	(56,647)
Under/(over) provided in prior years	-	28,789
Deferred tax adjustments in respect of prior years	-	(32,301)
Deferred tax not recognised	(108,180)	108,180
Different rate on deferred tax	(129,725)	23,992
Capital allowances super deduction	(2,950)	-
<b>Taxation credit</b>	(512,044)	(235,910)

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 11 Intangible fixed assets

Group	Goodwill £	Software £	Total £
<b>Cost</b>			
At 1 January 2021	359,704	10,917,385	11,277,089
Additions	-	1,696,031	1,696,031
At 31 December 2021	<u>359,704</u>	<u>12,613,416</u>	<u>12,973,120</u>
<b>Amortisation and impairment</b>			
At 1 January 2021	359,704	8,424,960	8,784,664
Amortisation charged for the year	-	1,259,246	1,259,246
At 31 December 2021	<u>359,704</u>	<u>9,684,206</u>	<u>10,043,910</u>
<b>Carrying amount</b>			
At 31 December 2021	<u>-</u>	<u>2,929,210</u>	<u>2,929,210</u>
At 31 December 2020	<u>-</u>	<u>2,492,425</u>	<u>2,492,425</u>
<b>Company</b>	<b>Goodwill</b>	<b>Software</b>	<b>Total</b>
	£	£	£
<b>Cost</b>			
At 1 January 2021	330,000	10,917,385	11,247,385
Additions	-	1,696,031	1,696,031
At 31 December 2021	<u>330,000</u>	<u>12,613,416</u>	<u>12,943,416</u>
<b>Amortisation and impairment</b>			
At 1 January 2021	330,000	8,424,960	8,754,960
Amortisation charged for the year	-	1,259,246	1,259,246
At 31 December 2021	<u>330,000</u>	<u>9,684,206</u>	<u>10,014,206</u>
<b>Carrying amount</b>			
At 31 December 2021	<u>-</u>	<u>2,929,210</u>	<u>2,929,210</u>
At 31 December 2020	<u>-</u>	<u>2,492,425</u>	<u>2,492,425</u>

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 12 Tangible fixed assets

Group	Plant and equipment £	Fixtures and fittings £	Computers £	Total £
<b>Cost</b>				
At 1 January 2021	5,742	95,012	241,623	342,377
Additions	-	12,570	52,544	65,114
At 31 December 2021	<u>5,742</u>	<u>107,582</u>	<u>294,167</u>	<u>407,491</u>
<b>Depreciation and impairment</b>				
At 1 January 2021	5,742	93,876	231,431	331,049
Depreciation charged in the year	-	1,791	23,394	25,185
At 31 December 2021	<u>5,742</u>	<u>95,667</u>	<u>254,825</u>	<u>356,234</u>
<b>Carrying amount</b>				
At 31 December 2021	<u>-</u>	<u>11,915</u>	<u>39,342</u>	<u>51,257</u>
At 31 December 2020	<u>-</u>	<u>1,136</u>	<u>10,192</u>	<u>11,328</u>
<b>Company</b>				
<b>Cost</b>				
At 1 January 2021	5,742	92,355	224,281	322,378
Additions	-	7,194	30,491	37,685
At 31 December 2021	<u>5,742</u>	<u>99,549</u>	<u>254,772</u>	<u>360,063</u>
<b>Depreciation and impairment</b>				
At 1 January 2021	5,742	92,355	217,073	315,170
Depreciation charged in the year	-	1,029	15,451	16,480
At 31 December 2021	<u>5,742</u>	<u>93,384</u>	<u>232,524</u>	<u>331,650</u>
<b>Carrying amount</b>				
At 31 December 2021	<u>-</u>	<u>6,165</u>	<u>22,248</u>	<u>28,413</u>
At 31 December 2020	<u>-</u>	<u>-</u>	<u>7,208</u>	<u>7,208</u>

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 13 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	14	-	-	2,751,667	2,751,667

#### Movements in fixed asset investments Company

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 January 2021 and 31 December 2021	2,751,667
<b>Carrying amount</b>	
At 31 December 2021	2,751,667
At 31 December 2020	2,751,667

#### 14 Subsidiaries

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Third Platform Services Limited	Birchin Court, Birchin Lane, London, England, EC3V 9DU	Model B Clearing, custody and related services	Ordinary	100.00	-
Seguro Nominees Limited	Birchin Court, Birchin Lane, London, England, EC3V 9DU	Nominee company	Ordinary	-	100.00
TPS Offshore (Jersey) Limited	Whiteley Chambers, Don Street, St Helier, Jersey, JE2 4TR	Investment management	Ordinary	-	100.00

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 15 Debtors

	Group 2021	2020	Company 2021	2020
Amounts falling due within one year:	£	£	£	£
Trade debtors	1,133,042	725,356	368,787	21,434
Amounts owed by group undertakings	-	-	53,000	104,000
Other debtors	31,126	9,740	28,226	6,577
Prepayments and accrued income	167,788	98,631	125,010	80,922
	<u>1,331,956</u>	<u>833,727</u>	<u>575,023</u>	<u>212,933</u>
Deferred tax asset (note 19)	546,232	50,537	546,232	-
	<u>1,878,188</u>	<u>884,264</u>	<u>1,121,255</u>	<u>212,933</u>

Amounts owed by group undertakings are interest free and repayable on demand.

#### 16 Creditors: amounts falling due within one year

		Group 2021	2020	Company 2021	2020
Notes		£	£	£	£
Bank loans	18	-	62,500	-	-
Other borrowings	18	14,073	290,298	14,073	290,298
Trade creditors		402,413	264,949	213,835	133,917
Amounts owed to group undertakings		-	-	1,188,087	363,378
Other taxation and social security		237,532	289,937	151,864	253,303
Other creditors		1,325,656	820,856	-	-
Accruals and deferred income		755,742	598,250	468,419	422,109
		<u>2,735,416</u>	<u>2,326,790</u>	<u>2,036,278</u>	<u>1,463,005</u>

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

#### 17 Creditors: amounts falling due after more than one year

		Group 2021	2020	Company 2021	2020
Notes		£	£	£	£
Bank loans and overdrafts	18	-	187,500	-	-
Other borrowings	18	-	14,073	-	14,073
		<u>-</u>	<u>201,573</u>	<u>-</u>	<u>14,073</u>

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 18 Borrowings

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	-	250,000	-	-
Other loans	14,073	304,371	14,073	304,371
	<u>14,073</u>	<u>554,371</u>	<u>14,073</u>	<u>304,371</u>
Payable within one year	14,073	352,798	14,073	290,298
Payable after more than one year	-	201,573	-	14,073
	<u>-</u>	<u>201,573</u>	<u>-</u>	<u>14,073</u>

The other borrowings are secured by a fixed and floating charge over the software and intellectual property of the group.

The group received a Coronavirus Business Interruption Loan on 13 May 2020 for £250,000. No interest is charged on the loan if repaid within 12 months. The loan was repaid in full on 6 May 2021.

The loan was secured by a fixed and floating charge over the assets of Third Platform Services Limited.

### 19 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

Group	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Accelerated capital allowances	5,711	382,506	(535,736)	(783)
Tax losses	-	(360,446)	1,081,968	51,320
	<u>5,711</u>	<u>22,060</u>	<u>546,232</u>	<u>50,537</u>
	<u>-</u>	<u>22,060</u>	<u>546,232</u>	<u>-</u>

Company	Liabilities 2021 £	Liabilities 2020 £	Assets 2021 £	Assets 2020 £
Accelerated capital allowances	-	382,506	(535,736)	-
Tax losses	-	(360,446)	1,081,968	-
	<u>-</u>	<u>22,060</u>	<u>546,232</u>	<u>-</u>
	<u>-</u>	<u>22,060</u>	<u>546,232</u>	<u>-</u>

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 19 Deferred taxation (Continued)

	Group 2021 £	Company 2021 £
<b>Movements in the year:</b>		
Liability/(Asset) at 1 January 2021	(28,477)	22,060
Credit to profit or loss	(503,051)	(575,258)
Effect of change in tax rate - profit or loss	(8,993)	6,966
<b>Asset at 31 December 2021</b>	<b>(540,521)</b>	<b>(546,232)</b>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same trade. The deferred tax liability set out above is not expected to reverse within 12 months and relates to accelerated capital allowances.

#### 20 Retirement benefit schemes

##### Defined Contribution schemes

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Amounts of £213,031 (2020: £181,479) were charged to the profit and loss in respect of defined contribution schemes during the year by the group, and £116,561 (2020: £107,519) by the company.

Contributions totalling £12,948 (2020: £Nil) were payable to the fund at the year end by the group, and £12,948 (2020: £Nil) by the company. These amounts are included in creditors.

#### 21 Share capital

	Group and Company			
	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital issued and fully paid</b>				
New A Ordinary shares of £1 each	9,199	9,199	9,199	9,199
New B Ordinary shares of £1 each	8,175	8,175	8,175	8,175
	<u>17,374</u>	<u>17,374</u>	<u>17,374</u>	<u>17,374</u>
<b>Preference share capital issued and fully paid</b>				
Special A Preference shares of £1 each	2,000	2,000	2,000	2,000
<b>Total equity share capital</b>			<u>19,374</u>	<u>19,374</u>

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 21 Share capital (Continued)

Both A ordinary and B ordinary shares have full voting and dividend distribution rights.

Preference shares hold the same rights as New A ordinary and New B ordinary shares, except having preferential rights to repayment of capital on winding up. They are convertible into New A ordinary shares following agreement of a majority of the holders of the New A ordinary shares, the New B ordinary shares and the Preference shares.

On 25 March 2021 the company issued 200 D1 Ordinary shares of £1 each at par to directors and employees of the group.

On 13 December 2021 the company issued 500 D3 Ordinary shares of £1 each at par to directors and employees of the group.

At the year end, the group had issued 1,800 (2020: 1,600) D1 Ordinary shares of £1 each, 950 (2020: 950) D2 Ordinary shares of £1 each and 500 (2020: Nil) D3 Ordinary shares of £1 each at par to directors and employees of the group. No amounts have been called up on these shares as at 31 December 2021 and calls will only be made on the shares in the event of an exit event.

The D1, D2 and D3 Ordinary Shares do not carry voting rights or any rights to dividends.

In the event of an exit event, the D1, D2 and D3 Ordinary Shares will convert into Ordinary Shares of £1 each on the basis of one Ordinary Share for each D1, D2 or D3 Ordinary Share held, if the valuation of the IPO exceeds the threshold value set for those shares. If the valuation of the IPO is below the threshold value for the shares, they will convert into Deferred Shares of £1 each on the basis of one Deferred Share for each D1, D2 or D3 Ordinary Share held.

### 22 Reserves

#### Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

#### Profit and loss reserves

Cumulative profit and loss net of distributions of owners.

# THIRD FINANCIAL SOFTWARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 23 Cash generated from group operations

	2021 £	2020 £
Profit for the year after tax	1,368,683	380,985
<b>Adjustments for:</b>		
Taxation credited	(512,044)	(235,910)
Finance costs	13,920	51,900
Investment income	(132)	(4,915)
Amortisation and impairment of intangible assets	1,259,246	1,150,288
Depreciation and impairment of tangible fixed assets	25,185	42,468
Equity settled share based payment expense	16,397	52,289
<b>Movements in working capital:</b>		
(Increase)/decrease in debtors	(498,229)	49,595
Increase/(decrease) in creditors	747,351	(304,960)
<b>Cash generated from operations</b>	<u>2,420,377</u>	<u>1,181,740</u>

### 24 Analysis of changes in net funds - group

	1 January 2021 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	4,412,390	105,146	4,517,536
Borrowings excluding overdrafts	(554,371)	540,298	(14,073)
	<u>3,858,019</u>	<u>645,444</u>	<u>4,503,463</u>

### 25 Share options

The C ordinary shares rank pari passu with the A Ordinary, B Ordinary and Preference shares except for the level at which they would be entitled to proceeds in the event of an exit. They constitute a different class of share for the purpose of dividends.

### 26 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	<u>99,199</u>	<u>3,065</u>	<u>99,199</u>	<u>3,065</u>

## **THIRD FINANCIAL SOFTWARE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **27 Related party transactions**

Grafton Capital Limited charged the company £50,000 (2020: £10,417) for services provided in the year, including the services of Edward Barroll Brown on the Board.

Copperfield Stone Limited is a related party company through a common director. During the year there were purchases of £21,500 (2020: £35,175) and the balance outstanding at the year end was £1,600 (2020: £2,400).

#### **28 Controlling party**

The immediate and ultimate holding company is Grafton Capital (Jersey) GP Limited by virtue of holding the majority of the issued share capital in Third Financial Software Limited. The registered address of Grafton Capital (Jersey) GP Limited is Whiteley Chambers, Don Street, St Helier, Jersey JE2 4TR. Grafton Capital (Jersey) GP Limited holds the shares in Third Financial Software Limited as nominee for Grafton Capital Delta Jersey LP. There is no ultimate controlling party of Grafton Capital Delta Jersey LP.