

Company Registered Number: 07707973

SYBENETIX Limited

Annual Report and Financial Statements

For the year ended 31 December 2020



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Company Information

Directors

L Ottersgard
L Wikner
C Wessels

Independent Auditors

Berg Kaprow Lewis LLP
35 Ballards Lane
London
N3 1XW

Registered Office

22 Bishopsgate
London
England
EC2N 4BQ

Registration Number

07707973

Directors' Report

The directors present their Annual Report and audited financial statements of Sybenetix Limited (the 'Company') for the year ended 31 December 2020.

A strategic report has not been prepared by the directors as the Company is considered a small company. Under the provisions of Companies Act 2006 it is exempt from preparing the strategic report.

Principal activities and Review of the Business

The principal activity of the Company is to provide behavioural analytics focused on the development of market surveillance and compliance monitoring software solutions for banks, asset managers, hedge funds, exchanges, and regulators.

The directors were satisfied with the performance of the Company during the year ended 31 December 2020 and they are confident that current sales performance can be sustained in the future, while costs are continuously monitored in order to improve overall performance.

Directors indemnity insurance

The Company has made qualifying third party indemnity provisions for the benefit of its directors of any parent, subsidiary or fellow subsidiary which were made during the year and remain in force at the date of this report.

Brexit

On 31 January 2020, the UK withdrew from the EU ("BREXIT") at the deadline set for its departure by the Article 50 extension agreed between UK and EU. Transition arrangements were in place after that for the period that ended on 31 December 2020, during which UK government and EU negotiated the future terms of their relationship and reached an agreement. The directors have considered this at the date of signing these financial statements and it is their view that there is no material impact to the business.

COVID -19

The outbreak of the "SARS-CoV-2" (Covid-19) pandemic and the measures adopted by governments in countries worldwide to mitigate the pandemic's spread have led to substantial restrictions on customers' activities. COVID-19 has caused significant economic and financial turmoil around the world. Nasdaq Group have implemented risk management and contingency plans and have taken preventive measures and other precautions to maintain normal business operations.

Notwithstanding the broader economic consequences of COVID-19, the Company's underlying sales and margins remain stable. However, given the wide ranging economic uncertainty of the COVID-19 pandemic, management continues to take mitigating actions to reduce costs, limit losses, optimise cash flows and preserve liquidity. The Company has considered the effects of COVID-19 in estimates used in the calculation of its assets and liabilities. No significant effects on the Company's operations have been identified since the balance sheet date.

Directors' Report (continued)

Future Developments

The existing customer base is expected to be maintained in 2021 while the Sybenetix platform and products are being cross sold to existing SMARTS customers through the NASDAQ Australian entity Smarts Broker Compliance PTY LTD. The Company operates a transfer pricing agreement with Smarts Broker Compliance PTY LTD whereby associated costs are re-charged at a cost plus 6% generating additional revenues.

Results and Dividends

The Company's loss for the year after taxation amounted to £1,487,048 (2019: £3,264,260). The directors do not recommend the payment of an interim dividend and a final dividend (2019: £nil).

Going Concern

In accordance with their responsibilities, the directors of the Company have considered the appropriateness of the going concern basis, which has been used in the preparation of these financial statements. The Company's Ultimate parent Company, NASDAQ Inc. has confirmed that they will continue to provide financial support to the Company for at least 12 months from the date of approval of these accounts. As a result, the directors believe that the Company is well placed to manage its business risks.

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.

Principal Risks and Uncertainties

The key business risks and uncertainties affecting the Company are considered to be competition from other companies in the market surveillance and software solutions industry, and economic factors that impact the Company.

Policy and practice on payment of creditors

It is the Company's policy to settle all debts with its creditors on a timely basis, taking account of the credit period agreed with each supplier.

Environment

The Company is committed to pursuing sound environmental policies in all aspects of its business, and seeks to encourage and promote good environmental practice amongst its employees and within the communities in which it operates.

Directors' Report (continued)

Directors

The directors who served the Company during the year or at the date of this report were as follows:

L Ottersgard
L Wikner
C Wessels

Disclosure of information to the Auditors

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

Reappointment of auditors

The auditors, Berg Kaprow Lewis LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board by:



C. Wessels
Director
Date: 30/09/2021

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors has 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 he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Financial Reporting Standards (FRS) 102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYBENETIX LIMITED

Opinion

We have audited the financial statements of Sybenetix Limited (the 'Company') for the year ended 31 December 2020, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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 Auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYBENETIX LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiring of management and those charged with governance around actual and potential litigation and claims;
- Enquiring of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risks of management override of controls, including walkthrough, testing of journal entries and other adjustments for appropriateness.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYBENETIX LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Auditors' 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.

Berg Kaprow Lewis LLP

Michael Wedge FCA (Senior Statutory Auditor)

for and on behalf of
Berg Kaprow Lewis LLP

Chartered Accountants & Statutory Auditor

London
Date: 30/09/2021

Profit and Loss Account and Other Comprehensive Income
For the year ended 31 December 2020

	Notes	2020 £	2019 £
Turnover	4	1,261,158	820,357
Administrative expenses		(2,633,233)	(4,005,902)
Operating loss	5	(1,372,075)	(3,185,545)
Interest payable and similar charges		(114,262)	(96,836)
Operating loss on ordinary activities before taxation		(1,486,337)	(3,282,381)
Taxation	6	(711)	18,121
Loss for the financial year		(1,487,048)	(3,264,260)

All amounts are in respect of continuing operations.

There are no adjustments recognised in the statement of Other Comprehensive Income other than the loss for the financial year attributable to the shareholders of the Company and therefore no Statement of Comprehensive Income has been separately presented.

The notes on pages 12 to 27 form part of these financial statements.

Statement of financial position
As at 31 December 2020

	Notes	2020 £	2019 £
Fixed assets			
Intangible fixed assets	8	737,006	568,439
Tangible fixed assets	9	100,463	149,168
Investments	10	280,000	280,000
		<u>1,117,469</u>	<u>997,607</u>
Current assets			
Debtors	11	150,940	155,311
Cash at bank		428,820	146,033
		<u>579,760</u>	<u>301,344</u>
Creditors: amounts falling due within one year	12	(9,521,375)	(7,636,049)
Net current liabilities		<u>(8,941,615)</u>	<u>(7,334,705)</u>
Total assets less current liabilities		<u>(7,824,146)</u>	<u>(6,337,098)</u>
Net liabilities		<u>(7,824,146)</u>	<u>(6,337,098)</u>
Capital and reserves			
Called up share capital	13	8,361	8,361
Share premium		324,285	324,285
Profit and loss account		(8,156,792)	(6,669,744)
Shareholders' deficit		<u>(7,824,146)</u>	<u>(6,337,098)</u>

The notes on pages 12 to 27 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



C. Wessels
Director 30/09/2021
Date: _____

Statement of Changes in Equity
For the year ended 31 December 2020

	Called up share capital £	Share premium account £	Profit and loss account £	Total share-holders' deficit £
Shareholder's funds at 1 January 2019	8,361	324,285	(3,405,484)	(3,072,838)
Loss for the financial year	-	-	(3,264,260)	(3,264,260)
Shareholder's funds at 31 December 2019	8,361	324,285	(6,669,744)	(6,337,098)
Shareholder's funds at 1 January 2020	8,361	324,285	(6,669,744)	(6,337,098)
Loss for the financial year	-	-	(1,487,048)	(1,487,048)
Shareholder's funds at 31 December 2020	8,361	324,285	(8,156,792)	(7,824,146)

The notes on pages 12 to 27 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2020

1. Statutory Information

Sybenetix Limited is a Company incorporated and domiciled in England and Wales, registration number 07707973. The registered office is 22 Bishopsgate, London, England, EC2N 4BQ.

2. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company's functional and presentational currency is Pounds sterling. All amounts in the financial statements have been rounded to the nearest pound.

The following principal accounting policies have been applied:

Disclosure exemptions

In preparing these financial statements the Company has taken advantage of the following disclosure exemptions conferred by FRS 102:

- The financial statements do not include a statement of cash flows as the Company's results are included as a wholly owned subsidiary in the financial statements of Nasdaq Inc. which are publicly available.
- Certain disclosures required by FRS 102.26 Share based payments.

Exemption from preparing consolidated financial statements

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and Group are considered eligible for the exemption to prepare consolidated accounts under section 401 of the Companies Act 2006.

Intangible fixed assets

An internally generated intangible fixed asset arising from the development of software is recognised only if all of the following conditions are met:

- It is probable that the asset will create future economic benefits;
- The development costs can be measured reliably;
- Technical feasibility of completing the intangible fixed assets can be demonstrated
- There is the intention to complete the asset and use or sell it;
- There is the ability to use or sell the asset; and
- Adequate technical, financial and other resources to complete the development and to use or sell the assets are available.

Notes to the financial statements (continued)

For the year ended 31 December 2020

2. Accounting policies (continued)

Intangible fixed assets (continued)

Internally generated intangible fixed assets are amortised over their estimated useful lives which is between five to eight years. Where no internally generated intangible fixed asset can be recognised, development expenditure is charged to profit and loss account in the period in which it is incurred.

Going concern

The financial statements have been prepared on a going concern basis. The Company's Ultimate Parent Company, NASDAQ Inc. has confirmed that they will continue to provide financial support to the Company for at least 12 months from the date of approval of these accounts. As a result, the directors believe that the Company is well placed to manage its business risks.

Turnover

Turnover represents the net amount receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Turnover is recognized in the period that the service has been provided.

The Company operates a transfer pricing agreement with Smarts Broker Compliance PTY LTD whereby associated costs are re-charged at a cost plus 6% generating additional revenues.

Tangible fixed assets

Tangible fixed assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Software & Equipment	20% reducing balance
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

Notes to the financial statements (continued)
for the year ended 31 December 2020

2. Accounting policies (continued)

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Debtors

Debtors are amounts due from other group companies for services performed under the transfer pricing agreement.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Current and deferred taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Notes to the financial statements (continued)
for the year ended 31 December 2020

2. Accounting policies (continued)

Current and deferred taxation (continued)

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All translation differences are taken to the profit and loss account.

Impairment

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes to the financial statements (continued)
for the year ended 31 December 2020

2. Accounting policies (continued)

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Share based payments

Nasdaq Inc. has issued share options and restricted stock units to certain directors and employees of the Company. The Company recognises and measures share based payments as an expense based upon a reallocation from the ultimate parent, NASDAQ Inc. This allocation is based upon the actual vesting activity in the year for the Company's employees.

Investments

Investments are stated at cost less provisions for impairment. The Company assesses at the end of each reporting period whether there is such evidence of a triggering event for impairment. If there is, then an impairment review is performed. Such impairment reviews are performed in accordance with FRS 102. Impairments thus arising are recorded in the Statement of comprehensive income.

Interest Receivable and Payable

Interest income and expenses are recognised on an accrual basis.

Contingent Liabilities

From time to time the Company may become subject to various claims or litigations. Management have considered any current matters pending against the Company. Where a claim is considered to be more likely than not to result in a cost to the Company, a provision is recorded based on management's best estimate of the cost to the Company of settling such claims. Based on the current facts and circumstances, management are of the opinion that no such claims exist.

Notes to the financial statements (continued)

for the year ended 31 December 2020

3. Critical accounting estimates and judgements

The preparation of the financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During the year management used critical accounting estimates to calculate provisions related to trade receivables and other administrative expenses.

4. Turnover

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

68% of the Company's turnover (2019: 38%) is attributable to geographical markets outside the United Kingdom.

Turnover by geography	2020	2019
	£	£
United Kingdom	396,999	501,626
Bermuda	223,468	202,352
United States of America	103,509	116,379
Australia	537,182	-
	1,261,158	820,357

Turnover by category	2020	2019
	£	£
Software as a service	723,976	820,357
Services to other group companies	537,182	-
	1,261,158	820,357

Notes to the financial statements (continued)
for the year ended 31 December 2020

5. Operating profit

Loss on ordinary activities before taxation is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets (note 9)	48,705	48,706
Amortisation of intangible fixed assets (note 8)	84,951	56,635
Auditors' remuneration – audit services	17,440	10,000
Loss on foreign exchange transactions	9,436	2,882

6. Tax charge/(credit)

a) Taxation on loss on ordinary activities comprising:

Current tax:

	2020 £	2019 £
UK Corporation tax credit on prior year	(1,306)	
Total current tax credit	(1,306)	-

Deferred tax:

	2020 £	2019 £
Recognition and reversal of deferred tax asset on timing differences	2,100	(18,262)
Effect of differences in tax rate	(83)	141
Total deferred tax charge /(credit)	2,017	(18,121)
Total tax charge /(credit) for the year (note 6(b))	711	(18,121)

Notes to the financial statements (continued)
for the year ended 31 December 2020

6. Tax charge/(credit) (continued)

b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19%. The standard rate of corporation tax in the UK has been arrived at by reference to the corporation tax rates in effect during the year. The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	(1,486,337)	(3,282,381)
Loss on ordinary activities multiplied by standard rate of Corporation Tax in the UK of 19% (2019: 19%)	(282,404)	(623,652)
Effects of:		
Expenses not deductible for tax purposes	14	(4,814)
Surrender of group relief received for nil consideration	261,441	632,661
Recognition & reversal of deferred tax on timing differences	14,406	-
Share based payments permanent difference	8,643	(163)
Effect of differences in tax rate	(83)	141
Adjustment to prior periods	(1,306)	(22,294)
Total tax credit for the year	711	(18,121)

c) Analysis of deferred tax asset:

	2020 £	2019 £
Other temporary differences	-	2,017
Deferred tax asset	-	2,017

Notes to the financial statements (continued)

for the year ended 31 December 2020

6. Tax charge/(credit) (continued)

c) Analysis of deferred tax asset (continued):

The Company has estimated losses of £1,583,589 (2019: £1,537,907) available to carry forward against future trading profits.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted as at the Balance Sheet date. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. In the Finance Bill 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was enacted on 10 June 2021. As the proposal to increase the rate at 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

7. Employee information

The average monthly number of employees during the year was:

	2020 No.	2019 No.
Administration	1	5
Director	3	3
	<u>4</u>	<u>8</u>

No directors received any remuneration during the period in respect of their services, as they are also directors of other Nasdaq group companies, and therefore, it was not possible to determine an appropriate proportion of their specific services to the Company (2019: £nil).

The aggregate payroll costs were as follows:

	2020 £	2019 £
Wages and salaries	32,705	471,662
Social security costs	7,555	58,010
Other pension costs	2,233	26,106
Share based payments	45,603	66,874
	<u>88,096</u>	<u>622,652</u>

Notes to the financial statements (continued)
for the year ended 31 December 2020

8. Intangible fixed assets

	Research & development £
Cost	
At 1 January 2020	625,074
Additions	253,518
	<u>878,592</u>
At 31 December 2020	<u>878,592</u>
Accumulated amortisation	
At 1 January 2020	56,635
Charge for the year	84,951
	<u>141,586</u>
At 31 December 2020	<u>141,586</u>
Net book value	
At 31 December 2020	<u>737,006</u>
At 31 December 2019	<u>568,439</u>

Intangible fixed assets are recognised on development costs during the period, and amortised as development is completed.

Notes to the financial statements (continued)**For the year ended 31 December 2020****9. Tangible fixed assets**

	Software and Equipment £
Cost	
At 1 January 2020	230,281
At 31 December 2020	<u><u>230,281</u></u>
Accumulated depreciation	
At 1 January 2020	81,113
Charge for the year	48,705
At 31 December 2020	<u><u>129,818</u></u>
Net book value	
At 31 December 2020	<u><u>100,463</u></u>
At 31 December 2019	<u><u>149,168</u></u>

10. Investment in subsidiary

	Sybenetix Ukraine £
At 1 January 2020	280,000
At 31 December 2020	<u><u>280,000</u></u>

On acquisition of Sybenetix Limited by Nasdaq in 2017, the subsidiary entity Sybenetix Ukraine LLC was incorporated with an investment of £280,000.

Name of Subsidiary Undertakings	Holding	Country of Incorporation	Nature of Business
Sybenetix Ukraine LLC	100% Common Stock	Ukraine	IT Consultancy

Notes to the financial statements (continued)
For the year ended 31 December 2020

10. Investment in subsidiary (continued)

The financial results of the subsidiary undertaking as at 31 December 2020 were as follows:

	Year ended 31 December 2020	
	UAH	GBP
Share capital and reserves	26,047,000	520,094
Profit for the period	6,804,000	175,589

11. Debtors

Due within one year:

	<i>2020</i>	<i>2019</i>
	<i>£</i>	<i>£</i>
Trade debtors	-	61,590
Other debtors	-	748
Amount owed by group undertakings (note 14)	123,506	-
Deferred tax (note 6)	-	2,017
VAT receivable	27,434	90,956
	<u>150,940</u>	<u>155,311</u>

Trade debtors of £nil (2019: £61,590) includes a provision for doubtful debts of £295,200 (2019: £248,085).

The amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Notes to the financial statements (continued)

for the year ended 31 December 2020

12. Creditors: amounts falling due within one year

	2020 £	2019 £
Accrued liabilities	18,979	26,025
Amounts owed to group undertakings (note 14)	9,311,495	7,359,555
Deferred revenue	190,901	250,469
	<u>9,521,375</u>	<u>7,636,049</u>

The amounts due to other group companies includes an unsecured, interest bearing loan from Nasdaq Treasury AB of £9,130,604 (2019: £7,168,925) which has no maturity date and is fully repayable on demand.

13. Share capital

		2020 £	2019 £
Called up, allotted and fully paid:	No.		
Ordinary shares of £0.01 each	8,361,124	<u>8,361</u>	<u>8,361</u>

14. Related party relationships and transactions

Identity of related parties

Related party is a person or entity that is related to the entity that is preparing its financial statements. Related parties comprise shareholder, Board of Directors and key management personnel of the Company and their related concerns. The Company, in the ordinary course of business, enters into transactions with other business enterprises or individuals that fall within the definition of related party contained in UK GAAP FRS 102 – Section 33.

The Company has a related party relationship with its ultimate and immediate parent, other group companies and Board of Directors.

Immediate parent company

Smarts Broker Compliance PTY Ltd (see note 15)

Ultimate parent company

NASDAQ Inc. (see note 15).

Notes to the financial statements (continued)
for the year ended 31 December 2020

14. Related party relationships and transactions (continued)

Board of Directors (key management personnel)

Key management personnel are those having authority and responsibilities directly and indirectly, to control the activities of the entity and for the Company these are considered to be the Board of Directors. In addition to their salaries, the Company also provides non-cash benefits to key management personnel and contributions to a post-employment defined contribution plan on their behalf. For details of remuneration of key management personnel see note 7.

Related parties' balances:

At the year end, the Company had the following balances with its related parties:

Due from related parties:

	2020 £	2019 £
Amounts receivable from other group companies	123,506	-
	<u>123,506</u>	<u>-</u>

Due to related parties:

	2020 £	2019 £
Amounts payable to NASDAQ Inc.	15,839	15,839
Amounts payable to other group companies	9,295,656	7,343,716
	<u>9,311,495</u>	<u>7,359,555</u>

The amounts due to other group companies includes an unsecured, interest earning loan from Nasdaq Treasury AB of £9,130,604 (2019: £7,168,925) which has no maturity date and is fully repayable on demand.

Notes to the financial statements (continued)
for the year ended 31 December 2020

14. Related party relationships and transactions (continued)

Transactions with related parties

During the year, the Company had the following transactions with related parties:

Revenue from

	2020 £	2019 £
Services to other group companies	537,182	-
Total	537,182	-

Interest paid

	2020 £	2019 £
Interest payable to other group companies	114,262	96,836
	114,262	96,836

Allocation costs from related parties - overhead charges

	2020 £	2019 £
NASDAQ Inc.	45,603	66,874
Allocation costs from other group companies	2,523,529	3,196,492
	2,569,132	3,263,366

Notes to the financial statements (continued)
for the year ended 31 December 2020

15. Parent undertaking and controlling party

The Company's immediate parent undertaking is Smarts Broker Compliance PTY Ltd, a Company incorporated in Australia with the address of principal executive offices located at Level 4, 55 Harrington Street, The Rocks, Sydney, NSW 2000, Australia.

The Company's ultimate parent undertaking is NASDAQ Inc., a Company incorporated in the United States of America with the address of principal executive offices located at 151 West, 42nd Street, New York, 10036.

The directors consider the ultimate parent undertaking and controlling party to be NASDAQ Inc. The parent undertaking of the group for which group financials statements are drawn up and which represents the smallest and largest group is NASDAQ Inc. Copies of the group financial statements can be obtained from the Group's website www.nasdaqomx.com.

16. Subsequent events

There have been no events after the reporting date which would have a material effect on the Company's financial statements as at 31 December 2020.