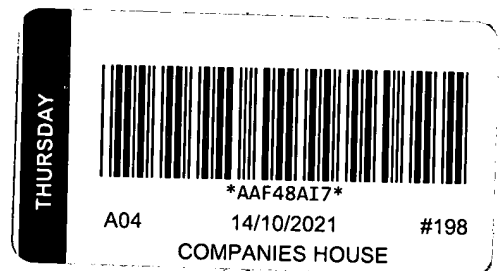


Registered number: 07490275

TORSTONE TECHNOLOGY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2021



TORSTONE TECHNOLOGY LIMITED

COMPANY INFORMATION

Directors	J M Gill A S Thethi B L Collings J C Merry (resigned 31 May 2021)
Registered number	07490275
Registered office	8 Lloyd's Avenue London EC3N 3EL
Independent auditor	Hillier Hopkins LLP Chartered Accountants & Statutory Auditor Radius House 51 Clarendon Road Watford Herts WD17 1HP

TORSTONE TECHNOLOGY LIMITED

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TORSTONE TECHNOLOGY LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2021

Introduction

Torstone Technology Limited is a Global provider of cross-asset securities and derivatives post-trade processing technology. The Company's SaaS Platform enables financial firms to reduce their costs, achieve greater control, minimise risk, and drive operational efficiency. Torstone Technology Ltd is headquartered in London, with offices in New York, Toronto, Hong Kong, Singapore, and Tokyo.

Business review

Despite the challenges of Covid, the Company turnover grew by more than 10% compared with the previous year, but was lower than the 36% growth achieved in the prior year. Much of this growth was in North America which grew by 133%, with growth as well from some up-lift in transaction volumes for existing clients. The proportion of revenue from North America went from 9% of total revenue in 2019/20 to 19% of total revenue in 2020/21.

Management continues to focus on growth in all regions and have committed to invest in new hires and employee retention to best support its new client contracts. Headcount grew by net 15 heads to 85 Heads at the end of 2020-21 with plans to grow by at least another 10 by mid-year 2021, and over 100 staff by end of year.

The company recorded a positive profit before tax of £0.712m in 2020-21 compared to a prior year loss of -£0.292m. The company balance sheet remains strong with cash balances increased to £5.967m in 2020-21 compared to £2.170m in 2019-20 due entirely to customer acquisitions.

The acquisition of Percentile Ltd is now fully complete being 100% owned by Torstone Technology Ltd with all Percentile Ltd company assets transferred with only IP assets remaining in Percentile Ltd.

The position of the company remains strong at the end of the year despite the global uncertainties resulting from Covid19.

TORSTONE TECHNOLOGY LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021

Principal risks and uncertainties

The Management of the business and the execution of the company strategy are subject to several risks. The principal Risks for the company are the market environment, competition, and execution of the hiring plan. The market environment in 2020/21 was expected to suffer considerably due to economic impact and travel restrictions caused by COVID 19. The company can compete effectively by using its repository of deep industry knowledge and applying structured thinking to provide practical solutions and building a reputation in the industry for delivering on time and on budget. To retain and recruit the right employees the company monitors and provides compensation & benefits at market rates. Business risk for the company primarily arises from economic activity and the appetite for technology change, but we have seen an uptick in interest from the market, after a quiet period due to Covid, which is reflected in our strong pipeline.

The company's operations expose it to a variety of financial and operational risks, which the company monitors in a regular Risk Committee, which all the directors are involved in. The policies set by the Risk Committee are implemented by the company's various departments and monitored by the Risk Committee of the company.

Credit risk

The company has implemented policies that require appropriate reviews and approval of material contracts that are entered into with new customers. The credit risk for the company is relatively low since a large percentage of the company's work is performed for customers that pay in advance.

Cash flow and FX risk

The company has revenue and expenses arising in multiple currencies in multiple locations, Management has not traditionally used Hedging or other financial instruments to mitigate potential currency risk as overall there are natural hedges in place for most locations. For those one or two locations where we are actively seeking revenue this is not the case, the expenses are relatively small and covered by remittance of central funds. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature

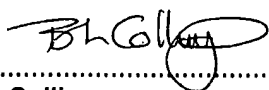
Financial key performance indicators

The board consists of three directors. The board believe that the relevant KPIs are those set out in the monthly financial pack and are monitored on a regular basis by the board, including financial actuals against budget.

Other key performance indicators

The Management Committee consists of three directors and four senior managers. The Management Committee believe that the relevant KPIs are those set out in the monthly management report and are monitored on a monthly basis by the Management Committee.

This report was approved by the board on 01/09/2021 and signed on its behalf.



.....
B L Collings
Director

TORSTONE TECHNOLOGY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2021

The directors present their report and the financial statements for the year ended 31 January 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £891,052 (2020 - loss £32,060).

The directors do not recommended payment of a dividend (2020: £nil).

Directors

The directors who served during the year were:

J M Gill
A S Thethi
B L Collings
J C Merry (resigned 31 May 2021)

Future developments

We continue to invest in all areas of the business, expanding our sales team in all regions, together with pre-sales, product management, implementation, development and support resources. Our Product Roadmap includes development on our Retail Brokerage strategy, as well as expanding our Middle Office product and extending our asset class coverage to include Digital Assets. Our Technical Roadmap includes continuing to develop our microservices and API strategy, which has enabled dynamic scaling required for Tier-1 and other high transaction volume clients.

TORSTONE TECHNOLOGY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2021**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

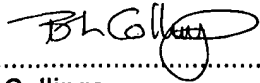
Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditor

The auditor, Hillier Hopkins LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



.....
B L Collings
Director

Date: 07/09/2021

TORSTONE TECHNOLOGY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TORSTONE TECHNOLOGY LIMITED

Opinion

We have audited the financial statements of Torstone Technology Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 January 2021, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company 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 Group's and of the parent Company's affairs as at 31 January 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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 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.

TORSTONE TECHNOLOGY LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TORSTONE TECHNOLOGY LIMITED
(CONTINUED)**

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.

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 Group 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 Group 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 Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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.

TORSTONE TECHNOLOGY LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TORSTONE TECHNOLOGY LIMITED
(CONTINUED)**

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, 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.

TORSTONE TECHNOLOGY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TORSTONE TECHNOLOGY LIMITED (CONTINUED)

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 Group 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:

- the nature of the industry and sector, control environment and business performance including the remuneration incentives and pressures of key management;
- the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. We consider the results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and relevant tax legislation.

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.

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

TORSTONE TECHNOLOGY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TORSTONE TECHNOLOGY LIMITED
(CONTINUED)

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.



Alexander Bottom ACA (Senior statutory auditor)

for and on behalf of
Hillier Hopkins LLP

Chartered Accountants
Statutory Auditor

Radius House
51 Clarendon Road
Watford
Herts
WD17 1HP

Date: 12th October 2021

TORSTONE TECHNOLOGY LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2021

	Note	2021 £	2020 £
Turnover	4	12,574,611	11,423,792
Administrative expenses		(11,863,256)	(11,718,255)
Operating profit/(loss)	5	711,355	(294,463)
Interest receivable and similar income	9	1,466	2,846
Interest payable and expenses	10	(714)	-
Profit/(loss) before tax		712,107	(291,617)
Tax on profit/(loss)	11	178,945	259,557
Profit/(loss) for the financial year		891,052	(32,060)
Profit for the year attributable to:			
Owners of the parent company		891,052	(32,060)
		891,052	(32,060)

There was no other comprehensive income for 2021 (2020: £NIL).

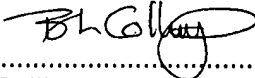
The notes on pages 17 to 33 form part of these financial statements.

TORSTONE TECHNOLOGY LIMITED
REGISTERED NUMBER: 07490275

CONSOLIDATED BALANCE SHEET
AS AT 31 JANUARY 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	74,726	99,726
Tangible assets	13	228,855	294,874
		303,581	394,600
Current assets			
Debtors	15	3,935,576	6,119,850
Cash at bank and in hand	16	5,967,695	2,169,940
		9,903,271	8,289,790
Creditors: amounts falling due within one year	17	(5,063,405)	(4,240,244)
		4,839,866	4,049,546
Net current assets		4,839,866	4,049,546
Total assets less current liabilities		5,143,447	4,444,146
Creditors: amounts falling due after more than one year	18	(1,459,197)	(1,440,654)
		3,684,250	3,003,492
Net assets		3,684,250	3,003,492
Capital and reserves			
Called up share capital	19	72,990	74,000
Share premium account	20	88,940	63,000
Capital redemption reserve	20	10,210	9,000
Profit and loss account	20	3,512,110	2,857,492
		3,684,250	3,003,492

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



.....
B L Collings
 Director
 Date: 07/09/2021

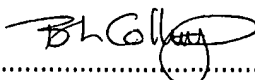
The notes on pages 17 to 33 form part of these financial statements.

TORSTONE TECHNOLOGY LIMITED
REGISTERED NUMBER: 07490275

COMPANY BALANCE SHEET
AS AT 31 JANUARY 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	228,107	293,477
Investments	14	321,186	321,127
		549,293	614,604
Current assets			
Debtors	15	4,144,183	6,064,393
Cash at bank and in hand	16	5,784,611	2,145,134
		9,928,794	8,209,527
Creditors: amounts falling due within one year	17	(5,187,870)	(4,354,985)
Net current assets		4,740,924	3,854,542
Total assets less current liabilities		5,290,217	4,469,146
Creditors: amounts falling due after more than one year	18	(1,459,197)	(1,440,654)
Net assets		3,831,020	3,028,492
Capital and reserves			
Called up share capital	19	72,990	74,000
Share premium account	20	88,940	63,000
Capital redemption reserve	20	10,210	9,000
Profit and loss account brought forward		2,882,492	2,897,237
Profit/(loss) for the year		1,012,822	(14,745)
Other changes in the profit and loss account		(236,434)	-
Profit and loss account carried forward		3,658,880	2,882,492
		3,831,020	3,028,492

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7-09-2021



.....
B L Collings
 Director

The notes on pages 17 to 33 form part of these financial statements.

TORSTONE TECHNOLOGY LIMITED

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

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 February 2019	74,000	63,000	9,000	2,889,552	3,035,552
Comprehensive income for the year					
Loss for the year	-	-	-	(32,060)	(32,060)
Total comprehensive income for the year	-	-	-	(32,060)	(32,060)
Total transactions with owners	-	-	-	-	-
At 1 February 2020	74,000	63,000	9,000	2,857,492	3,003,492
Comprehensive income for the year					
Profit for the year	-	-	-	891,052	891,052
Total comprehensive income for the year	-	-	-	891,052	891,052
Purchase of own shares	-	-	1,210	(236,434)	(235,224)
Shares issued during the year	200	25,940	-	-	26,140
Shares cancelled during the year	(1,210)	-	-	-	(1,210)
Total transactions with owners	(1,010)	25,940	1,210	(236,434)	(210,294)
At 31 January 2021	72,990	88,940	10,210	3,512,110	3,684,250

The notes on pages 17 to 33 form part of these financial statements.

TORSTONE TECHNOLOGY LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2021**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 February 2019	74,000	63,000	9,000	2,897,237	3,043,237
Comprehensive income for the year					
Loss for the year	-	-	-	(14,745)	(14,745)
Total comprehensive income for the year	-	-	-	(14,745)	(14,745)
At 1 February 2020	74,000	63,000	9,000	2,882,492	3,028,492
Comprehensive income for the year					
Profit for the year	-	-	-	1,012,822	1,012,822
Total comprehensive income for the year	-	-	-	1,012,822	1,012,822
Contributions by and distributions to owners					
Purchase of own shares	-	-	1,210	(236,434)	(235,224)
Shares issued during the year	200	25,940	-	-	26,140
Shares cancelled during the year	(1,210)	-	-	-	(1,210)
Total transactions with owners	(1,010)	25,940	1,210	(236,434)	(210,294)
At 31 January 2021	72,990	88,940	10,210	3,658,880	3,831,020

The notes on pages 17 to 33 form part of these financial statements.

TORSTONE TECHNOLOGY LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit/(loss) for the financial year	891,052	(32,060)
Adjustments for:		
Amortisation of intangible assets	25,000	25,000
Depreciation of tangible assets	155,990	117,423
Loss on disposal of tangible assets	6,475	-
Interest paid	714	-
Interest received	(1,466)	(2,846)
Taxation charge	(178,945)	(259,557)
Decrease/(increase) in debtors	2,311,621	(1,118,353)
Increase in creditors	841,704	810,514
Corporation tax received/(paid)	51,598	(1,364)
Net cash generated from operating activities	4,103,743	(461,243)
Cash flows from investing activities		
Purchase of tangible fixed assets	(96,446)	(284,143)
Interest received	1,466	2,846
Net cash from investing activities	(94,980)	(281,297)
Cash flows from financing activities		
Issue of ordinary shares	26,140	-
Purchase of ordinary shares	(236,434)	-
Interest paid	(714)	-
Net cash used in financing activities	(211,008)	-
Net increase/(decrease) in cash and cash equivalents	3,797,755	(742,540)
Cash and cash equivalents at beginning of year	2,169,940	2,912,480
Cash and cash equivalents at the end of year	5,967,695	2,169,940
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	5,967,695	2,169,940
	5,967,695	2,169,940

The notes on pages 17 to 33 form part of these financial statements.

TORSTONE TECHNOLOGY LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 JANUARY 2021**

	At 1 February 2020 £	Cash flows £	At 31 January 2021 £
Cash at bank and in hand	2,169,940	3,797,755	5,967,695
	<u>2,169,940</u>	<u>3,797,755</u>	<u>5,967,695</u>

The notes on pages 17 to 33 form part of these financial statements.

TORSTONE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2021

1. General information

Torstone Technology Limited is a company incorporated in England and Wales. Its registered office address is the same as its principal place of business:

8 Lloyd's Avenue, London, England, EC3N 3EL.

Torstone Technology provides securities and derivatives post-trade processing software to the global financial markets. Its software product is called Inferno and is designed to support high volumes of straight through processing for settlement of a wide range of asset classes from complex derivatives to high volume equity processing.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

TORSTONE TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

2. Accounting policies (continued)

2.3 Going concern

With the continuation of Covid-19, the Group evaluated the impact of its operation and cashflow. The company's business has remained largely uninterrupted and the Directors are of the opinion there remains only a small risk of operational and financial disruption to the business.

The Directors have taken steps to manage the Group's own cashflow during this period and have prepared revised budgets for the next 12 months accordingly.

Having due regard to these matters and after making appropriate enquiries, the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Board continues to adopt the going concern basis in preparing these Financial Statements.

2.4 Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

TORSTONE TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

2. Accounting policies (continued)

2.5 Turnover

Software implementation revenue is recognised as the work is completed. At the year end, ongoing implementation project revenue is recognised by estimating the percentage stage of completion with reference to costs incurred to date.

Licensing revenue is recognised over the period to which the license applies. Licensing revenue may be accrued to match to costs relating to implementation revenue where the related implementation costs exceed the related implementation revenue.

Support revenue is recognised evenly over the period of the contract taking into consideration any special variations in support effort.

One off payments not associated with specific development or implementation work and where there are no future obligations are recognised as revenue immediately.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

TORSTONE TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

2. Accounting policies (continued)

2.10 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

2.11 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Goodwill is amortised over its useful economic life which has been estimated at 5 years. This is amortised on a straight line basis.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

TORSTONE TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer hardware - personal computing	- 33.3% straight line
Office furniture	- 20% straight line
Office equipment	- 33.3% straight line
Computer hardware - server & networking	- 20% straight line
Computer software	- 33.3% straight line

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 profit or loss.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.16 Creditors

Short term creditors are measured at the transaction price.

TORSTONE TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

2. Accounting policies (continued)

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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

The following judgements & estimates have had the most significant effect on amounts recognised in the financial statements:

Carrying value of investments - Management have considered if there are any indicators of impairment of the Company's investments at the reporting date. Where such indicators are identified, an impairment review is undertaken to ensure that the carrying value of the investments reflects, as a minimum, the value to be realised from the investment in the foreseeable future.

Trade debtors - The recoverability of trade debtors has been assessed at the year end and up until the date of signing these financial statements. Management have based the decision to provide for any amounts based on their judgment of all the available information, and their experience of the specific nature of the trade debtor in question.

Depreciation and residual values - The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021	2020
	£	£
Software implementation	4,840,216	4,735,118
Licensing & support	7,734,395	6,688,674
	<u>12,574,611</u>	<u>11,423,792</u>

All turnover arose within the United Kingdom.

TORSTONE TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2021	2020
	£	£
Exchange differences	(195,851)	8,572
Other operating lease rentals	646,740	663,723
	646,740	663,723

6. Auditor's remuneration

	2021	2020
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	16,450	14,500
	16,450	14,500
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	4,250	4,100
All other assurance services	2,100	2,000
All other services	9,497	21,026
	9,497	21,026

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2021	Group 2020	Company 2021	Company 2020
	£	£	£	£
Wages and salaries	6,623,050	5,956,806	6,327,100	5,955,390
Social security costs	536,178	475,949	536,178	475,949
Cost of defined contribution scheme	419,058	357,544	419,058	357,544
	7,578,286	6,790,299	7,282,336	6,788,883

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

	2021	2020
	No.	No.
Employees	70	64
	70	64

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £NIL)

TORSTONE TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	713,360	766,076
Company contributions to defined contribution pension schemes	60,228	59,509
	<u>773,588</u>	<u>825,585</u>

During the year retirement benefits were accruing to 4 directors (2020 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £278,935 (2020 - £304,026).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £22,500 (2020 - £22,500).

9. Interest receivable

	2021 £	2020 £
Other interest receivable	1,466	2,846

10. Interest payable and similar expenses

	2021 £	2020 £
Other interest payable	714	-
	<u>714</u>	<u>-</u>

TORSTONE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	(184,019)	(259,443)
	(184,019)	(259,443)
Foreign tax		
Foreign tax on income for the year	5,074	(114)
	5,074	(114)
Total current tax	(178,945)	(259,557)
Taxation on loss on ordinary activities	(178,945)	(259,557)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	712,107	(291,617)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	135,300	(55,407)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	4,750	4,750
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,049	44,793
Capital allowances for year in excess of depreciation	12,420	(7,582)
Utilisation of tax losses	(88,316)	-
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(270,794)	(239,826)
Other differences leading to an increase (decrease) in the tax charge	24,646	(6,285)
Total tax charge for the year	(178,945)	(259,557)

TORSTONE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021

11. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 February 2020	929,956
At 31 January 2021	<u>929,956</u>
Amortisation	
At 1 February 2020	830,230
Charge for the year on owned assets	25,000
At 31 January 2021	<u>855,230</u>
Net book value	
At 31 January 2021	<u>74,726</u>
At 31 January 2020	<u>99,726</u>

TORSTONE TECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021

13. Tangible fixed assets

Group

	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 February 2020	227,689	17,058	517,099	761,846
Additions	1,618	479	94,349	96,446
Disposals	-	-	(9,413)	(9,413)
At 31 January 2021	<u>229,307</u>	<u>17,537</u>	<u>602,035</u>	<u>848,879</u>
Depreciation				
At 1 February 2020	104,968	15,116	346,888	466,972
Charge for the year on owned assets	56,137	1,501	98,352	155,990
Disposals	-	-	(2,938)	(2,938)
At 31 January 2021	<u>161,105</u>	<u>16,617</u>	<u>442,302</u>	<u>620,024</u>
Net book value				
At 31 January 2021	<u>68,202</u>	<u>920</u>	<u>159,733</u>	<u>228,855</u>
At 31 January 2020	<u>122,721</u>	<u>1,942</u>	<u>170,211</u>	<u>294,874</u>

TORSTONE TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

13. Tangible fixed assets (continued)

Company

	Fixtures & fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 February 2020	227,689	17,058	508,297	753,044
Additions	1,618	479	93,533	95,630
Disposals	-	-	(9,413)	(9,413)
At 31 January 2021	<u>229,307</u>	<u>17,537</u>	<u>592,417</u>	<u>839,261</u>
Depreciation				
At 1 February 2020	104,968	15,116	339,483	459,567
Charge for the year on owned assets	56,137	1,501	96,887	154,525
Disposals	-	-	(2,938)	(2,938)
At 31 January 2021	<u>161,105</u>	<u>16,617</u>	<u>433,432</u>	<u>611,154</u>
Net book value				
At 31 January 2021	<u>68,202</u>	<u>920</u>	<u>158,985</u>	<u>228,107</u>
At 31 January 2020	<u>122,721</u>	<u>1,942</u>	<u>168,814</u>	<u>293,477</u>

TORSTONE TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 February 2020	387,127
Additions	59
At 31 January 2021	387,186
Impairment	
At 1 February 2020	66,000
At 31 January 2021	66,000
Net book value	
At 31 January 2021	321,186
At 31 January 2020	321,127

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Percentile Limited	8 Lloyd's Avenue London EC3N 3EL UK	Ordinary	100%
Torstone Technology (Canada) Incorporated	1 King Street W Toronto Canada	Ordinary	100%

TORSTONE TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

14. Fixed asset investments (continued)

Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 January 2021 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Percentile Limited	198,603	2,202
Torstone Technology (Canada) Incorporated	(84,006)	(84,063)

15. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Due after more than one year				
Other debtors	72,340	141,925	72,340	141,925
	<u>72,340</u>	<u>141,925</u>	<u>72,340</u>	<u>141,925</u>
Due within one year				
Trade debtors	1,478,265	3,456,477	1,478,265	3,456,477
Amounts owed by group undertakings	-	-	235,440	-
Other debtors	217,635	179,131	190,802	123,674
Prepayments and accrued income	1,714,573	2,065,392	1,714,573	2,065,392
Tax recoverable	452,763	276,925	452,763	276,925
	<u>3,935,576</u>	<u>6,119,850</u>	<u>4,144,183</u>	<u>6,064,393</u>

16. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	<u>5,967,695</u>	<u>2,169,940</u>	<u>5,784,611</u>	<u>2,145,134</u>

TORSTONE TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

17. Creditors: Amounts falling due within one year

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Trade creditors	153,940	348,672	133,991	348,672
Amounts owed to group undertakings	-	-	170,754	140,000
Other taxation and social security	127,403	468,142	127,403	468,142
Other creditors	182,701	186,198	182,701	184,972
Accruals and deferred income	4,599,361	3,237,232	4,573,021	3,213,199
	<u>5,063,405</u>	<u>4,240,244</u>	<u>5,187,870</u>	<u>4,354,985</u>

18. Creditors: Amounts falling due after more than one year

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Accruals and deferred income	<u>1,459,197</u>	<u>1,440,654</u>	<u>1,459,197</u>	<u>1,440,654</u>

19. Share capital

	2021 £	<i>2020 £</i>
Allotted, called up and fully paid		
729,900 (2020 - 740,000) Ordinary shares of £0.10 each	<u>72,990</u>	<u>74,000</u>

The Company has issued 34,755 (2020: 33,255) share options to employees which have vested but not been exercised in the year. The Company has issued share options for 6,042 (2020: 9,060) ordinary shares of £0.10 to employees which have not yet vested as at year end.

TORSTONE TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

20. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issue of shares are deducted from share premium.

Capital redemption reserve

The capital redemption reserve arises from the purchase of own share capital.

Profit & loss account

Includes all current and prior period retained profits and losses.

21. Pension commitments

The company operates a defined contributions pension scheme for UK employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

In addition, employees based at the branches in Hong Kong and the USA are members of local defined contributions pension schemes, the assets of which are separate to the company and held in independently administered funds.

The total pension cost charge represents contributions payable by the company to the funds and amounts to £419,058 (2020: £357,544). As at the balance sheet £34,560 (2020: £34,041) was included in other creditors owed to defined contribution pension schemes.

22. Commitments under operating leases

At 31 January 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Not later than 1 year	430,908	<i>601,042</i>	430,908	<i>601,042</i>
Later than 1 year and not later than 5 years	64,465	<i>496,285</i>	64,465	<i>496,285</i>
	495,373	<i>1,097,327</i>	495,373	<i>1,097,327</i>

23. Related party transactions

As permitted by FRS 102 related party transactions with wholly owned member of the group have not been disclosed.

TORSTONE TECHNOLOGY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2021**

24. Controlling party

In the opinion of the directors there is no ultimate controlling party.