Registration number:
04009908

OpenMarket Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2019

OpenMarket Limited Contents

OpenMarket Limited Company Information

Directors

Neville Thomas Walker (Irish)
Sarit Galanos (Israeli)

Registered office

15th Floor 389 Chiswick High Road
London
W4 4AJ

Solicitors

Gunnercooke
1 Cornhill
London
W4 5YE

Bankers

JP Morgan Chase Bank N.A.
125 London Wall
London
EC2Y 5AJ

Auditor

Ernst & Young
Chartered Accountants
Ernst & Young Building
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

OpenMarket Limited
Strategic Report for the Year Ended 30 September 2019

The directors present their strategic report for the year ended 30 September 2019.

Fair review of the business

The principal activity of the company is that of IT related services. OpenMarket is a leading provider of mobile engagement solutions helping enterprises conduct SMS, MMS, OTT and RCS-based Application-to-Person (A2P) customer communication at scale.

The company's key financial and other performance indicators during the year were as follows:

Turnover increased from £47,474,483 in 2018 to £49,377,399 in 2019. The company made a profit before tax of £9,878,812 compared to a profit of £6,086,470 in 2018. The company made an operating profit of £5,637,905 compared to an operating profit of £5,844,467 in 2018.

After deducting tax of £2,113,335 (2018: £1,803,306) a profit of £7,765,477 (2018: profit of £4,283,164) has been transferred to reserves. Shareholder's funds at 30 September 2019 amounted to £41,810,492 (2018: £34,049,281).

Both the level of business and the year end financial position were in line with expectations.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are summarised below:

- the pace at which new communications products and services emerge;
- the nature and pace of technological change within the communications industry;
- the extent to which consolidation within the communications industry will continue;
- the extent to which communications services will continue to converge;
- the increasing need for communications service providers to reduce costs and retain high value customers in a highly competitive environment; and
- general global economic conditions, particularly market conditions in the communications industry and the ongoing COVID-19 Pandemic as referred to in the Directors' Report.

To the fullest possible extent we believe the company has taken sufficient measures to mitigate these risks and uncertainties and turn these into opportunities for future growth.

Approved by the Board on 17 December 2020 and signed on its behalf by:

....
Neville Thomas Walker (Irish)
Director

OpenMarket Limited
Directors' Report for the Year Ended 30 September 2019

The directors present their report and the financial statements for the year ended 30 September 2019.

Directors of the company

The directors, who held office during the year and to the date of this report, were as follows:

Neville Thomas Walker (Irish)

Sarit Galanos (Israeli) (appointed 31 October 2018)

Janett Kristina Sarfert (German) (resigned 31 October 2018)

Dividends

No dividend was paid to the parent company during the year (2018: £Nil).

Financial instruments

Foreign currency exchange risk

Profit/loss on ordinary activities and amounts due from fellow subsidiary undertakings are sensitive to movements in exchange rates between US Dollar and Sterling.

Interest rate risk

Our interest expense and income are sensitive to changes in interest rates, as are our cash reserves and our loans due to/from other group undertakings.

Political donations

There were no political donations made during the year (2018: £Nil).

Future developments

It is the intention of the directors to continue the current activities of the company.

Going concern

The company earned a profit of £7.8 million during the year and as at 30 September 2019 has cash on hand of £89 thousand and surplus cash on deposit with a fellow group company of £29 million, as well as an accumulated shareholder's funds of £41.8 million. Company law and relevant accounting standards requires the Directors to consider whether it is appropriate to prepare the financial statements on the basis that the company is a going concern. In considering this matter the Directors have reviewed the company's cash flow and business plan for 2020 and 2021. This included consideration of the cash flow implications of the business plan. The Directors believe the company will continue in operational existence for the foreseeable future as it will generate sufficient cash to cover its liabilities for at least twelve months from the date of approval of these financial statements. The Directors have therefore adopted the going concern basis in preparing the company's financial statements.

The company announced a dividend of £30.9 million in October 2020. The Directors have carried out a review of the year to date performance of the company and the business plan for 2020 and 2021 and are satisfied that the payment of this dividend will not affect the ability of the company to continue as a going concern.

The response to the impact of COVID-19 is set out in the "Events after reporting date" section below. To the best of the Directors' current knowledge, based on the procedures above, COVID-19 will not have material adverse impact on the company's ability to continue as a going concern.

OpenMarket Limited
Directors' Report for the Year Ended 30 September 2019

Events after the reporting date

Sale of unquoted equity investment

On 19 December 2019, the company transferred its minority equity investment, comprising of 14,900 ordinary shares of £0.01 nominal value each, to Amdocs (UK) Limited, a related party. The transfer was made for a consideration of $4.4 million.

COVID-19

On 11 March 2020 the World Health Organization declared the coronavirus (COVID-19) outbreak a “pandemic”.

This outbreak of COVID-19 has resulted in a widespread health crisis that has increased the level of volatility and uncertainty globally and has created significant economic disruption. The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict its magnitude and outcome.

The company is closely monitoring the potential impact of COVID-19 on its 2020 financial results and cashflows and have prepared a detailed risk assessment and revised projections for the business.

Changes in shareholder and divestiture of OpenMarket group

On 27 October 2020, Amdocs Astrum Limited, the parent company, transferred its entire shareholding of 12,154 ordinary shares of £0.01 nominal value each, to Amdocs Development Limited. Shortly thereafter, on 28 October 2020, a subsequent transfer of the same shareholding was made by Amdocs Development Limited to OpenMarket Holdings LLC.

On 10 November 2020, following the above ownership re-organisation, Amdocs group signed an agreement for the divestiture of the OpenMarket entities for approximately $300 million with Infobip subject to final closing conditions.

Interim dividend

On 28 October 2020, the company declared a dividend of £30.9 million (US$40.3 million) to Amdocs Development Limited and which was settled on 11 November 2020.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 17 December 2020 and signed on its behalf by:

....

Neville Thomas Walker (Irish)
Director

OpenMarket Limited
Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 FRS 101 has 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.

Approved by the Board on 17 December 2020 and signed on its behalf by:

....

Neville Thomas Walker (Irish)

Director

Independent Auditor's Report to the Members of OpenMarket Limited

We have audited the financial statements of OpenMarket Limited for the year ended 30 September 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 26, 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its 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 of qualified opinion

The unquoted minority equity investment amounting to £3,579,826 has not been measured at fair value in the Statement of Financial Position as required by IFRS 9 Financial Instruments. In terms of IFRS 13 Fair Value Measurement, appropriate valuation techniques are required to estimate the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions. We have not been provided with sufficient and appropriate audit evidence of this valuation. The balance included in "Other financial assets" in the Statement of Financial Position, and the movement recorded in the Statement of Comprehensive Income are therefore not in compliance with FRS 101 "Reduced Disclosure Framework".

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

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

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

OpenMarket Limited
Independent Auditor's Report to the Members of OpenMarket Limited

Other information

The other information comprises the information included in the annual report set out on pages 2 to 4, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our 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 directors' report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities 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.

OpenMarket Limited

Independent Auditor's Report to the Members of OpenMarket Limited

Auditor's responsibilities for the audit of the financial statements

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

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.

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.

....

Dermot Quinn (Senior Statutory Auditor)

For and on behalf of Ernst & Young, Statutory Auditor

Ernst & Young
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

17 December 2020

OpenMarket Limited
Statement of Comprehensive Income for the Year Ended 30 September 2019

	Note	2019 £	2018 £
Turnover	3	49,377,399	47,474,483
Cost of sales		(37,410,402)	(38,172,431)
Gross profit		11,966,997	9,302,052
Administrative expenses		(6,329,092)	(3,457,585)
Operating profit	4	5,637,905	5,844,467
Other interest receivable and similar income	5	845,221	272,324
Interest payable and similar charges	6	(259,171)	(30,321)
Other gains and losses	7	3,579,826	-
Dividend income	13	75,031	-
		4,240,907	242,003
Profit on ordinary activities before tax		9,878,812	6,086,470
Tax on profit on ordinary activities	10	(2,113,335)	(1,803,306)
Profit for the financial year and total comprehensive income		7,765,477	4,283,164

The above results were derived from continuing operations.

The notes on pages 12 to 35 form an integral part of these financial statements.

OpenMarket Limited

(Registration number: 04009908)

Statement of Financial Position as at 30 September 2019

	Note	30 September 2019 £	30 September 2018 £
Fixed assets			
Tangible assets	11	901,771	868,015
Intangible assets	12	822	-
Investments	13	257,474	257,474
Other financial assets	14	3,579,826	-
		4,739,893	1,125,489
Current assets			
Trade and other debtors	15	57,577,643	45,488,587
Cash at bank and in hand		89,986	24,180
Deferred tax assets	10	73,756	23,802
		57,741,385	45,536,569
Creditors: Amounts falling due within one year	16	(20,647,953)	(12,550,031)
Net current assets		37,093,432	32,986,538
Total assets less current liabilities		41,833,325	34,112,027
Creditors: Amounts falling due after more than one year	17	(5,617)	(44,932)
Provisions for liabilities	18	(17,216)	(17,814)
Net assets		41,810,492	34,049,281
Capital and reserves			
Called up share capital	22	122	122
Share premium reserve		883,887	883,887
Profit and loss account		40,926,483	33,165,272
Shareholder's funds		41,810,492	34,049,281

Approved by the Board on 17 December 2020 and signed on its behalf by:

....
Neville Thomas Walker (Irish)
Director

The notes on pages 12 to 35 form an integral part of these financial statements.

OpenMarket Limited

Statement of Changes in Equity for the Year Ended 30 September 2019

	Share capital £	Share premium reserve £	Other reserves £	Profit and loss account £	Total £
At 1 October 2018	122	883,887	-	33,165,272	34,049,281
Profit for the year	-	-	-	7,765,477	7,765,477
Total comprehensive income	-	-	-	7,765,477	7,765,477
Share based payment transactions	-	-	(1,531)	-	(1,531)
Transfer to profit and loss reserve	-	-	1,531	(1,531)	-
Recharge from ultimate parent	-	-	-	(2,735)	(2,735)
At 30 September 2019	122	883,887	-	40,926,483	41,810,492

	Share capital £	Share premium reserve £	Other reserves £	Profit and loss account £	Total £
At 1 October 2017	122	883,887	-	28,874,981	29,758,990
Profit for the year	-	-	-	4,283,164	4,283,164
Total comprehensive income	-	-	-	4,283,164	4,283,164
Share based payment transactions	-	-	-	7,127	7,127
At 30 September 2018	122	883,887	-	33,165,272	34,049,281

The notes on pages 12 to 35 form an integral part of these financial statements.

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework', issued by the Financial Reporting Council and the Companies Act 2006.

The financial statements have been prepared under the historical cost convention, except that as disclosed in the accounting policies, certain items are shown at fair value, and on the going concern basis.

The financial statements are denominated in British pounds ("£") which is the functional currency of the company.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of IFRS 7 Financial Instruments: Disclosures;

(b) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;

(c) the requirements of paragraphs 10(d), 10(f), 39A-D, 40A-D and 134-136 of IAS 1 Presentation of Financial Statements;

(d) the requirements of IAS 7 Statement of Cash Flows;

(e) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;

(f) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;

(g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;

(h) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 73(e) of IAS 16 Property, Plant and Equipment and paragraph 118(e) of IAS 38 Intangible Assets;

(i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;

(j) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment: because the share based payments concerns the instruments of another group entity;

(k) the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 126 and 129 of IFRS 15 Revenue from Contracts with Customers; and

(I) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations.

1 Accounting policies (continued)

Going concern

The company earned a profit of £7.8 million during the year and as at 30 September 2019 has cash on hand of £89 thousand and surplus cash on deposit with a fellow group company of £29 million, as well as an accumulated shareholder's funds of £41.8 million. Company law and relevant accounting standards requires the Directors to consider whether it is appropriate to prepare the financial statements on the basis that the company is a going concern. In considering this matter the Directors have reviewed the company's cash flow and business plan for 2020 and 2021. This included consideration of the cash flow implications of the business plan. The Directors believe the company will continue in operational existence for the foreseeable future as it will generate sufficient cash to cover its liabilities for at least twelve months from the date of approval of these financial statements. The Directors have therefore adopted the going concern basis in preparing the company's financial statements.

The company announced a dividend of £30.9 million in October 2020. The Directors have carried out a review of the year to date performance of the company and the business plan for 2020 and 2021 and are satisfied that the payment of this dividend will not affect the ability of the company to continue as a going concern.

The response to the impact of COVID-19 is set out in the "Events after reporting date" section below. To the best of the Directors' current knowledge, based on the procedures above, COVID-19 will not have material adverse impact on the company's ability to continue as a going concern.

Changes in accounting policy

New standards, interpretations and amendments effective

The following have been applied for the first time from 1 October 2018 and have had an effect on the financial statements:

IFRS 15 Revenue from Contracts with Customers

In the current year, the company has applied IFRS 15 which is effective for annual periods beginning on or after 1 January 2018. The company has elected to apply the modified retrospective approach, recognising any effect of initially applying the standard as an adjustment to the opening balances of the 2018 balance sheet.

Therefore, the comparative information for the period ending 30 September 2018 was not restated and continues to be presented in accordance with IAS 11. As a result of the decision, the company has changed its accounting policies and updated its internal controls and processes relating to revenue recognition. The most noteworthy impact to the company relates to:

- the changes in recognising revenue from contract modifications and variations,
- the establishment of a consistent revenue recognition method for contracts with similar characteristics, and
- the definition of distinct performance obligations within certain ‘framework agreement' contracts.

Management performed a review of the existing accounting policies and all contracts with customers at the transition date. From this review it was determined that no measurement changes are required. Disclosures in relation to revenue from contracts with customers have been updated to meet the requirements of the new standard.

1 Accounting policies (continued)

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments classification and measurement; impairment and hedge accounting. The company applied IFRS 9 prospectively, with an initial application date of 1 October 2018. The company has not restated the comparative information, which continues to be reported under IAS 39.

The adoption of IFRS 9 did not result in any measurement adjustments on date of adoption, however, the classification of unquoted equity investments are shown as financial assets held at fair value through profit and loss ("FVTPL") under IFRS 9 and no longer included in investments held at cost.

None of the other standards, interpretations and amendments effective for the first time from 1 October 2018 have had a material effect on the financial statements.

Group financial statements

Section 400 of the Companies Act 2006 exempts an intermediate parent entity whose own parent entity is established under the law of an EEA state from the need to prepare consolidated financial statements. The company has availed itself of this exemption and consequently has prepared these financial statements on a stand alone basis.

Investments in subsidiary companies

Subsidiaries are all entities that the company controls. Investments in subsidiary companies are initially recognised at cost, being the fair value of the consideration given. After initial recognition investments are stated at cost less provision for impairment in accordance with IAS 36 "Impairment of assets". If the carrying amount exceeds the recoverable amount then the carrying value of the investment is written down to its recoverable amount.

Revenue recognition

The company recognises revenue under the five-step methodology required under IFRS 15, which requires the company to identify the contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations identified, and recognise revenue when (or as) each performance obligation is satisfied.

The company's primary revenue categories, related performance obligations, and associated recognition patterns are as follows:

(i.) Revenue recognition for ongoing services

Revenue from service arrangements is recognized as services are performed. Revenue is recognized based on measuring the volume of data processed or subscriber count that provides the most faithful depiction of the transfer of services. Revenue is recorded at gross amount for transactions in which we control the services transferred to the end user. In specific circumstances where we do not meet the control criteria, we recognize revenue on a net basis. Revenue is billed on a monthly basis.

1 Accounting policies (continued)

Revenue recognition (continued)

Contract assets and contract liabilities

In billsthe services rendered by the company as of the reporting date exceed the payments made by the customer as of that date and the company does not have the unconditional right to charge the client for the services rendered, a contract asset is recognised. The company assesses a contract asset for impairment in accordance with IFRS 9 using the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the contract asset. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9.

If the payments made by a customer exceed the services rendered under the relevant contract, a contract liability is recognised. The company recognises any unconditional rights to consideration separately from contract assets as a trade receivable because only the passage of time is required before the payment is due.

Contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the company, and a failure to make contractual payments for a period of greater than 180 days past due.

Cost to obtain or fulfil contracts with customers

The company recognises the incremental costs incurred by the company to obtain contracts with customers and the costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset if those costs are expected to be recoverable, and record them in ''Other assets'' in the statement of financial position. Incremental costs of obtaining contracts are those costs that the company incurs to obtain a contract with a customer that would not have been incurred if the contract had not been obtained. The asset is amortised on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue and recognised in ''cost of sales'' in the statement of comprehensive income. Additionally the asset is assessed for impairment and any impairment loss is recognised in ''cost of sales'' in the statement of comprehensive income. The company recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

1 Accounting policies (continued)

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Where a group undertaking transferred losses to the company, the amount paid in excess of the benefit received is recognised in administrative expenses in the statement of comprehensive income of £4,104,911 (2018: £3,084,654).

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

The asset's residual values, useful lives methods are reviewed, and adjusted if appropriate, at each financial year end.

Expenditure for repairs and maintenance of tangible assets is charged to the statement of comprehensive income. Expenditure for significant improvements and renovations is capitalised if it is considered that it adds value to the tangible assets.

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the year the item is derecognised.

Depreciation

Depreciation is charged so as to write off the cost of tangible assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Office equipment	5 - 10 years
Computer equipment	3.5 - 7 years
Leasehold improvements	Shorter of the estimated useful life and the term of the lease

OpenMarket Limited

Notes to the Financial Statements for the Year Ended 30 September 2019

1 Accounting policies (continued)

Intangible assets

Intangible assets represent acquired computer software.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least once during the reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Asset class	Amortisation method and rate
Acquired computer software	4 years

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain the expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

OpenMarket Limited
Notes to the Financial Statements for the Year Ended 30 September 2019

1 Accounting policies (continued)

Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

The difference between fair value of the amount received for share capital and the nominal value of the share capital issued is transferred to the share premium account.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

1 Accounting policies (continued)

Share based payments

Employees of the company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value is determined by using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares (market conditions) of the company's ultimate parent undertaking, Amdocs Limited.

The cost of equity-settled transactions are recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employee becomes fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit for a period, reflected in the statement of comprehensive income, represents the movement in cumulative expense recognised as at the beginning and end of that period.
No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the statement of comprehensive income for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the statement of comprehensive income.

1 Accounting policies (continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at fair value through the profit or loss (FVTPL).

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVPTL:
- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investments that is not held for trading, the company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in other comprehensive income and are not subsequently included in the statement of income.

Financial assets not otherwise classified above are classified and measured as FVTPL.

1 Accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
• Financial assets at amortised cost (debt instruments)
• Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
• Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
• Financial assets at fair value through profit or loss

The company has not designated any financial assets at fair value through OCI nor profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the company. The company measures financial assets at amortised cost if both of the following conditions are met:
• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets at amortised cost includes trade and other debtors.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the company's statement of financial position) when:
• The rights to receive cash flows from the asset have expired; or
• The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

1 Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For credit-impaired financial instruments, the company recognises the lifetime ECL.

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities may include trade and other payables and loans and borrowings including bank overdrafts.

1 Accounting policies (continued)

Financial instruments (continued)

<u>Subsequent measurement</u>

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

The company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

<u>Derecognition</u>

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements required management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However the nature of estimation means the actual outcomes could differ from those estimates. The following are the company's key sources of stimation uncertainty:

Impairment of non-financial assets

The company assesses at each reporting date whether an asset may be impaired. If any such indication exists the company estimates the recoverable amount of the asset. Where there are indicators of impairment of individual assets, the company performs impairment tests based on fair value less cost to sell or a value in use calculation, The fair value less costs to sell calculation is based on available data from binding sales transactions in an arms' length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

Fair value of unquoted equity investments

The company determined the fair value of the unquoted equity investments by considering any price changes in subsequent share issues by the same issuer.

3 Turnover

Revenue was wholly derived from the company's principal activity. It comprises the value of goods and services sold, excluding VAT. The company has recognised the following amounts in relation to revenue in the Statement of Comprehensive Income. Revenue is derived from 143 customers, located mainly in Europe. Revenue from customer was as follows:

	2019 £	2018 £
Contracts with customers	49,377,399	47,474,483

The following table provides information about contract assets and contract liabilities

	30 September 2019 £	30 September 2018 £
Contract assets	3,553,963	2,907,562

Amounts billed during the year ended 30 September 2019, which was included in 'Contract assets' as of 1 October 2018 was £2,889,003.

3 Turnover (continued)

Billing terms and conditions generally vary by contract category. Amounts are typically billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., monthly or quarterly) or upon achievement of contractual milestones. In cases where timing of revenue recognition significantly differs from the timing of invoicing, the company considers whether a significant financing component exists. The company elected to use the practical expedient in assessing the financing component in contracts where the time between cash collection and performance is less than one year.

4 Operating profit

Arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation expense	292,213	233,099
Amortisation expense	3,584	-
Impairment of investment	-	1,069,612
Foreign exchange gains	(2,000,465)	(1,519,812)
Operating lease expense - property	528,844	445,724
Auditor's remuneration	30,993	38,495

5 Other interest receivable and similar income

	2019 £	2018 £
Interest income on bank deposits	170	134
Interest on loans to group undertakings	845,051	272,190
	845,221	272,324

6 Interest payable and similar charges

	2019 £	2018 £
Bank charges	8,407	24,694
Interest on loans from group undertakings	232,585	5,627
Other finance costs	18,179	-
	259,171	30,321

7 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2019 £	2018 £
Gain from changes in investment valuation	3,579,826	-

Other gains relate to the increase in fair value attributable to a minority equity investment held by the company.

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries	5,252,364	6,035,111
Social security costs	639,378	788,056
Pension costs, defined contribution scheme	237,705	280,700
	6,129,447	7,103,867

Included in wages and salaries is a total expense of share-based payments credit of £1,531 (2018: charge of £7,127) all of which arises from transactions accounted for as equity settled share-based payment transactions.

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Production	49	49
Administration and support	10	10
Sales, marketing and distribution	14	19
	73	78

9 Directors' remuneration

The directors did not receive any remuneration or benefit for qualifying services in either the current year or the prior year.

OpenMarket Limited
Notes to the Financial Statements for the Year Ended 30 September 2019

10 Income tax

Tax charged/(credited) in the statement of comprehensive income

	2019 £	2018 £
Current taxation		
Corporation tax	2,022,850	1,834,315
Corporation tax adjustment for prior period	140,439	(58,768)
Deferred taxation		
Arising from origination and reversal of temporary differences	(49,954)	27,759
Tax expense in the statement of comprehensive income	2,113,335	1,803,306

The tax on profit for the year is higher than the standard rate of corporation tax in the UK of 19% (2018 - higher than the standard rate of corporation tax in the UK of 19%).

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	9,878,812	6,086,470
Corporation tax at standard rate	1,876,974	1,156,429
Increase/(decrease) in current tax from adjustment for prior periods	140,439	(381,277)
Decrease from effect of capital allowances depreciation	-	(13,833)
Increase/(decrease) from effect of different UK tax rates on some earnings	5,490	(3,266)
Increase from effect of income exempt from taxation	(694,942)	-
Increase from effect of expenses not deductible in determining taxable profit	5,441	280,987
Increase arising from group relief tax reconciliation	779,933	441,757
Other tax effects for reconciliation between accounting profit and tax expense	-	322,509
Total tax charge	2,113,335	1,803,306

10 Income tax (continued)

Future tax changes

The directors are not aware of any factors that will materially affect the rate of corporation tax in the foreseeable future.

The UK corporation tax rate reduced from 20% to 19% effective for the years commencing 1 April 2017, 2018 and 2019. This rate had been enacted on 18 November 2015 when the Finance (No. 2) Bill 2015 received Royal Assent. The UK corporation rate further reduces to 17% in respect of years commencing after 1 April 2020. This rate had been enacted on 15 September 2016 when the Finance Bill 2016 received Royal Assent. At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%. As at the date to which these financial statements are prepared, the 19% has not been enacted and as such this rate has not been applied in preparing these financial statements.

Deferred tax

Deferred tax movement during the year:

	At 1 October 2018 £	Recognised in income £	At 30 September 2019 £
Accelerated tax depreciation	3,612	50,632	54,244
Share-based payment	20,190	(678)	19,512
Net tax assets/(liabilities)	23,802	49,954	73,756

Deferred tax movement during the prior year:

	At 1 October 2017 £	Recognised in income £	At 30 September 2018 £
Accelerated tax depreciation	34,576	(30,964)	3,612
Share-based payment	16,985	3,205	20,190
Net tax assets/(liabilities)	51,561	(27,759)	23,802

11 Tangible assets

	Office equipment £	Computer equipment £	Leasehold improvements £	Total £
Cost or valuation				
At 1 October 2018	2,198,748	-	220,603	2,419,351
Additions	-	328,936	3,475	332,411
Disposals	-	(2,036)	-	(2,036)
Transfers	(1,974,969)	1,925,628	-	(49,341)
At 30 September 2019	223,779	2,252,528	224,078	2,700,385
Depreciation				
At 1 October 2018	1,372,472	-	178,864	1,551,336
Charge for the year	19,407	265,208	7,598	292,213
Transfers	(1,297,316)	1,252,381	-	(44,935)
At 30 September 2019	94,563	1,517,589	186,462	1,798,614
Carrying amount				
At 30 September 2019	129,216	734,939	37,616	901,771
At 30 September 2018	826,276	-	41,739	868,015

12 Intangible assets

	Acquired computer software £	Total £
Cost or valuation		
Transfers in	49,341	49,341
At 30 September 2019	49,341	49,341
Amortisation		
Transfers in	44,935	44,935
Amortisation charge	3,584	3,584
At 30 September 2019	48,519	48,519
Carrying amount		
At 30 September 2019	822	822

13 Investments

Subsidiaries	2019 £	2018 £
Cost or valuation		
At 1 October	1,349,924	299,924
Additions	-	1,050,000
At 30 September	1,349,924	1,349,924
Provision		
At 1 October	1,092,450	22,838
Provision charge	-	1,069,612
At 30 September	1,092,450	1,092,450
Net book value		
At 30 September	257,474	257,474

Details of the principal investments held by the company at 30 September 2019 of which the company holds, directly or indirectly, at least 20% of the nominal value of any class of share capital are as follows:

Name of subsidiary	Country of incorporation and principal place of business	Holdings type (stock/shares)	Proportion of ownership interest and voting rights held
Vector Creations Limited	United Kingdom	Ordinary	100.00%
OpenMarket Services India Private Limited	India	Ordinary	99.99%

The subsidiary undertakings are engaged in providing business support systems and related services to the communication industry.

On 31 March 2019 Openmarket Limited received a final dividend of £75,031 from Vector Creations Limited. The company was liquidated on 12 February 2020.

14 Other financial assets

	30 September 2019 £	30 September 2018 £
Non-current financial assets		
Unquoted equity investments	3,579,826	-

The increase in equity investments during the year is due to an increase in the fair value attributable to a minority equity investment held by the company.

15 Trade and other debtors

	30 September 2019 £	30 September 2018 £
Trade debtors	5,780,305	7,017,078
Amounts owed by group undertakings	48,194,071	38,330,547
Accrued income	3,553,963	-
Prepayments	-	10,499
Other debtors	49,304	15,811
Income tax asset	-	114,652
	57,577,643	45,488,587

Amounts owed by group undertakings are unsecured, bear interest at commercial rates and are repayable in full within one year of granting.

In the prior year the accrued income was classified under trade debtors and amounted to £2,907,562 upon adoption of IFRS 15 was reclassified to accrued income and shown seperately.

16 Creditors due within one year

	30 September 2019 £	30 September 2018 £
Trade creditors	4,378,022	3,973,737
Accrued expenses	9,558,730	8,263,216
Amounts owed to group undertakings	6,070,625	21,861
Social security and other taxes	262,522	216,814
Value added tax	-	74,403
Outstanding defined contribution pension costs	30,298	-
Income tax liability	347,756	-
	20,647,953	12,550,031

Amounts owed to group undertakings are unsecured, bear interest at commercial rates and are repayable in full within one year of granting.

17 Creditors due after more than one year

	30 September 2019 £	30 September 2018 £
Non-current accruals	5,617	44,932

18 Other provisions

	National insurance £	Total £
At 1 October 2018	17,814	17,814
Decrease in existing provisions	(598)	(598)
At 30 September 2019	17,216	17,216

19 Obligations under leases and hire purchase contracts

Operating leases

Commitments under non-cancellable operating leases are as follows:

	30 September 2019 £	30 September 2018 £
Land and buildings		
Within one year	564,099	564,099
In two to five years	188,033	846,149
	752,132	1,410,248

The amount of non-cancellable operating lease payments recognised as an expense during the year was £Nil (2018 - £Nil)

20 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £237,705 (2018 - £280,700).

Contributions totalling £30,298 (2018 - £Nil) were payable to the scheme at the end of the year.

21 Share-based payments

OpenMarket Limited, as a member of the Amdocs group of companies, has adopted the Amdocs Stock Option and Incentive Plan (the "Plan"), which provides for the grant of restricted stock awards and stock options to employees, officers, directors and consultants. The purpose of the Plan is to enable the company to attract and retain qualified personnel and to motivate such persons by providing them with equity participation in the company. Awards granted under the Plan generally vest over a period of four years and stock options have a term of ten years.

OpenMarket Limited, has availed of the exemptions under FRS 101.6-8 from the requirements of paragraphs 45(b) and 46-52 of IFRS 2 share based payments as the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

22 Share capital

Allotted, called up and fully paid shares

	30 September 2019		30 September 2018	
	No.	**£**	**No.**	**£**
Ordinary shares of £0.01 each	12,154	122	12,154	122

23 Related party transactions

In common with other companies which are members of a group of companies, the financial statements reflect the effect of such membership. The company has availed of the exemption provided in Financial Reporting Standard 101, Reduced Disclosure Framework, for wholly owned subsidiary undertakings within the group, from the requirement to give details of transactions with entities that are part of the group.

24 Parent and ultimate parent undertaking

The company's immediate parent is Amdocs Astrum Limited. The immediate parent has transferred to OpenMarket LLC after year-end (refer to Note 25 Events after the reporting date below).

The ultimate parent is Amdocs Limited. The financial statements for Amdocs Limited are available from the company's website: www.amdocs.com.

25 Events after the reporting date

Sale of unquoted equity investment

On 19 December 2019, the company transferred its minority equity investment, comprising of 14,900 ordinary shares of £0.01 nominal value each, to Amdocs (UK) Limited, a related party. The transfer was made for a consideration of $4.4 million.

25 Events after the reporting date (continued)

COVID-19

On 11 March 2020 the World Health Organization declared the coronavirus (COVID-19) outbreak a “pandemic”.

This outbreak of COVID-19 has resulted in a widespread health crisis that has increased the level of volatility and uncertainty globally and has created significant economic disruption. The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict its magnitude and outcome.

The company is closely monitoring the potential impact of COVID-19 on its 2020 financial results and cashflows and have prepared a detailed risk assessment and revised projections for the business.

Changes in shareholder and divestiture of OpenMarket group

On 27 October 2020, Amdocs Astrum Limited, the parent company, transferred its entire shareholding of 12,154 ordinary shares of £0.01 nominal value each, to Amdocs Development Limited. Shortly thereafter, on 28 October 2020, a subsequent transfer of the same shareholding was made by Amdocs Development Limited to OpenMarket Holdings LLC.

On 10 November 2020, following the above ownership re-organisation, Amdocs group signed an agreement for the divestiture of the OpenMarket entities for approximately $300 million with Infobip subject to final closing conditions.

Interim dividend

On 28 October 2020, the company declared a dividend of £30.9 million (US$40.3 million) to Amdocs Development Limited and which was settled on 11 November 2020.

26 Board approval

These financial statements were authorised for issue by the Board on 17 December 2020.