Registered number: 07632209

Registered office:
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283 – 288 High Holborn
London
England
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SOLIUM CAPITAL UK LIMITED

Report and financial statements

31 December 2019

SOLIUM CAPITAL UK LIMITED

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SOLIUM CAPITAL UK LIMITED

STRATEGIC REPORT

The Directors present their Strategic report for Solium Capital UK Limited (the "Company") for the year ended 31 December 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company is to provide cloud-enabled services for global equity-based incentive plans including administration, financial reporting and compliance. Revenue is primarily earned on a recurring basis through Shareworks's multiple sales channels (direct sales and channel partners).

The Company operates a branch in Germany.

On 10 February 2019, Solium Capital ULC, formerly Solium Capital Inc., entered into a definitive arrangement with Morgan Stanley which, through a wholly-owned subsidiary, acquired all of Solium Capital Inc.'s issued and outstanding common shares. The acquisition of Solium Capital Inc. by Morgan Stanley was completed on 1 May 2019.

Prior to the acquisition, the immediate and ultimate parent undertaking and controlling party of the Company was Solium Capital ULC.

Following the agreement entered with Morgan Stanley, the Company's immediate and ultimate parent undertaking and controlling entity is Morgan Stanley, which, together with the Company and Morgan Stanley's other subsidiary undertakings, form the "Morgan Stanley Group".

REGULATION

The Company is authorised and regulated by the Financial Conduct Authority ("FCA").

BUSINESS REVIEW

Global market and economic conditions

During 2019 global economic growth slowed to 3.0% from 3.7% in 2018. The slowdown was broad-based across both developed and emerging markets, with growth in developed markets slowing to 1.7% in 2019 from 2.1% in 2018, while in emerging markets, growth softened to 3.9% in 2019 from 4.8% in 2018. Trade tensions weighed heavily on global growth through the year via its impact on corporate sentiment and capital spending, as well as on the manufacturing and trade sectors. In response to the growth headwinds, both monetary and fiscal policies were eased. In particular, the Federal Reserve cut interest rates by 75bps in the second half of the year and resumed an expansion of its balance sheet in response to tightening liquidity conditions. The European Central Bank ("ECB") announced a series of easing measures in the second half of the year, cutting rates by 10bps, introducing a two-tier system for excess reserve holdings, and restarting quantitative easing. The Bank of England ("BOE") held rates unchanged against a backdrop of weak global growth and Brexit uncertainties. China's policymakers implemented both fiscal and monetary easing measures throughout the year, including government bond issuance and interest rate reform. Other major central banks, including the Central Bank of Russia, the Reserve Bank of India, the Central Bank of Brazil ("BCB"), and the Bank of Korea ("BoK"), also cut interest rates to multi-year lows.

The strong start to 2020 following fading trade tensions and sizeable policy easing has been quickly superseded by the impact of COVID-19 (coronavirus). The 2020 global economic growth forecast is now a contraction of 1.9% for the year, versus the pre-COVID-19 growth forecast of 3.2% for the year, followed by a recovery in 2021. The sharp deterioration of economic growth in 2020 is broad-based in both developed markets and emerging markets. In developed markets, 2020 growth is expected to contract by 4.6% for the year versus the pre-COVID-19 forecast of an expansion of 1.3% for the year. In emerging markets, 2020 growth is forecasted to contract by 0.1% for the year versus the pre-COVID-19 forecasted expansion of 4.4%. In response to this sharp deterioration in the growth outlook, both monetary and fiscal policies are on a further easing path. In particular, the Federal Reserve has cut interest rates by 150bp to the zero lower bound, restarted quantitative easing of at least $700 billion, opened up swap lines with the world's major central banks and established various lending facilities. The ECB announced additional quantitative easing of €120 billion on March 12 and announced again one week later the €750 billion Pandemic Emergency Purchase Program. The Bank of Japan expanded its quantitative easing program with more proactive purchase of exchange-traded funds and Japanese Real Estate Investment Trusts and increased its purchase of commercial

BUSINESS REVIEW (CONTINUED)

Global market and economic conditions (continued)

paper and corporate bonds. The BoE has also cut interest rates to the lower bound and started quantitative easing of £200 billion. Other world major central banks, such as the BoK and the BCB, have cut interest rates to multi-year lows as well. On the fiscal side, governments around the globe have announced aggressive fiscal stimulus, including both direct spending and liquidity injection. China's policy-makers pre-approved another local government bond issuance of around Rmb850 billion ahead of the annual National People's Conference meeting, and in the US, a large fiscal stimulus of around $2 trillion was also announced.

Emergence of COVID-19

The coronavirus disease (COVID-19) pandemic has, and will likely continue to, severely impact global economic conditions, resulting in substantial volatility in the global financial markets, increased unemployment, and operational challenges such as the temporary closure of businesses, sheltering-in-place directives and increased remote work protocols. Governments and central banks around the world have reacted to the economic crisis caused by the pandemic by implementing stimulus and liquidity programs and cutting interest rates, though it is unclear whether these or future actions will be successful in countering the economic disruption. If the pandemic is prolonged or the actions of governments and central banks are unsuccessful, the adverse impact on the global economy will deepen, and the future results of operations and financial condition of Morgan Stanley and the Morgan Stanley Group will be adversely affected.

Since the emergence of the pandemic each business segment of Morgan Stanley and the business of the Morgan Stanley Group has been impacted and such impact will likely be greater in the future if conditions persist (e.g., decline and volatility of asset prices, reduction in interest rates, widening of credit spreads, credit deterioration, market volatility and reduced investment banking advisory activity). Operationally, although Morgan Stanley and the Morgan Stanley Group have initiated a work remotely protocol and restricted business travel and have not experienced any significant loss of operational capability, if significant portions of Morgan Stanley's or the Morgan Stanley Group's workforce, including key personnel, are unable to work effectively because of illness, government actions, or other restrictions in connection with the pandemic, the business impact of the pandemic could be exacerbated.

While the emergence of the COVID-19 pandemic has negatively impacted the results of Morgan Stanley, the extent to which it, and the related global economic crisis, affects the businesses, the results of operations and financial condition, as well as the regulatory capital and liquidity ratios of Morgan Stanley and the Company, will depend on future developments that are highly uncertain and cannot be predicted, including the scope and duration of the pandemic and any recovery period, future actions taken by governmental authorities, central banks and other third parties in response to the pandemic, and the effects on our customers, counterparties, employees and third-party service providers. Morgan Stanley and the Morgan Stanley Group continue to use their Risk Management framework, including Stress testing, to understand the attendant uncertainties and their potential impact on our operations, liquidity and capital. Morgan Stanley is maintaining an active dialogue with all its relevant global regulators during this period.

United Kingdom withdrawal from the European Union

On 31 January, 2020, the United Kingdom (the "UK") withdrew from the European Union (the "EU") under the terms of a withdrawal agreement between the UK and the EU. The withdrawal agreement provides for a transition period to the end of December 2020, during which time the UK will continue to apply EU law as if it were a member state, and UK firms' passporting rights to provide financial services in EU jurisdictions will continue. Under the terms of the withdrawal agreement the UK and the EU may agree to an extension of the transition period for up to two years, although the UK Government has signalled that it will not seek any extension.

The Morgan Stanley Group is continuing to prepare its European operations to be able to do business with its clients in the EU regardless of whether or not equivalence (or an alternative arrangement for financial services) is granted. Changes have been made to European operations in an effort to ensure that the Morgan Stanley Group can continue to provide cross-border banking and investment and other services in EU member states from within the EU where necessary.

BUSINESS REVIEW (CONTINUED)

United Kingdom withdrawal from the European Union (continued)

As a result of the political uncertainty described above, it is currently unclear what the final post-Brexit structure of European operations will be. Given the potential negative disruption to regional and global financial markets, and depending on the extent to which Morgan Stanley may be required to make material changes to European operations beyond those currently planned or executed, results of Morgan Stanley's operations and business prospects could be negatively affected. However, the Company's principal activity and risks are expected to remain unchanged.

Overview of 2019

The Company reported a loss after tax of £4,422,367, compared to a loss of £882,579 in the prior year. This is mainly driven by an increase of £5,770,899 in other expense, primarily as a result of accelerated vesting for share options and restricted share unit plan ("RSUPs") following the acquisition by Morgan Stanley, offset by an increase of £3,323,033 in net revenues. In addition, an impairment loss of £1,093,628 (2018: £nil) in relation to the Company's investment held in Solium Shareworks Europe SAS was recorded in 2019 (reflected within 'Losses on investment in subsidiaries' in the statement of comprehensive income).

The Company's total assets at 31 December 2019 was £18,800,262, an increase of £6,977,174 or 59.0% when compared to 31 December 2018. This is primarily due to the purchase of the Shareworks Intellectual Property ("IP) licensing rights from Morgan Stanley. On 1 August 2019, the Company entered into an IP licensing agreement with Morgan Stanley, which grants the Company rights in the Shareworks IP for consideration of £6,477,366 (2018: £nil). The Company issued share capital of £13,500,000 (2018: £nil) in the year increasing total share capital to £18,735,598.

The performance of the Company is included in the results of the Morgan Stanley Group. The Company's Directors believe that providing further performance indicators for the Company itself would not enhance an understanding of the development, performance or position of the business of the Company.

The risk management section below sets out the Company's policies for the management of liquidity and cash flow risk and other significant business risks.

Risk management

As part of the transition and integration with the Morgan Stanley Group, the Company continues to assess its own risk management policy framework and progress towards adoption and leveraging of the risk management policies and procedures of the Morgan Stanley Group, where appropriate.

Risk is an inherent part of the Company's business activity. The Company seeks to identify, assess, monitor and manage each of the various types of risk involved in its business activities, in accordance with defined policies and procedures.

An overview of the Company's policies for the management of financial risk and other significant business risks is included in note 18 to the financial statements.

SOLIUM CAPITAL UK LIMITED

STRATEGIC REPORT

BUSINESS REVIEW (CONTINUED)

Going concern

Business risks associated with the uncertain market and economic conditions are being actively monitored and managed by the Company. Retaining sufficient liquidity and capital to withstand market pressures remains central to the Morgan Stanley Group's and the Company's strategy. In particular, the Company's capital and liquidity is deemed sufficient to exceed regulatory minimums under both a normal and in a stressed market environment, including the current and potential stresses of COVID-19 and Brexit for the foreseeable future. The existing and potential effects of COVID-19 on the business of the Company have been considered as part of the going concern analysis, including impact on operational capacity, access to liquidity and capital and other critical accounting judgements and key sources of estimation uncertainty. The Company has access to further Morgan Stanley Group capital and liquidity as required.

Taking the above factors into consideration, the Directors believe it is reasonable to assume that the Company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Section 172 (1) Statement

The directors are aware of their responsibilities to promote the success of the company in accordance with s172 of the Companies Act. They fulfil their responsibilities through the application of Company policies and practices which are aligned to the Morgan Stanley Group's four core values of: Putting Clients First, Doing the Right Thing, Leading with Exceptional Ideas and Giving Back.

Approved by the Board and signed on its behalf by:

I J Wilson
Director
21st April 2020

SOLIUM CAPITAL UK LIMITED

DIRECTORS' REPORT

The Directors present their report and financial statements (which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the cash flow statement and the related notes, 1 to 22) for the Company for the year ended 31 December 2019.

RESULTS AND DIVIDENDS

The comprehensive loss for the year, after tax, was £4,421,413 (2018: £883,038 loss).

During the year, no dividends were paid or proposed (2018: £nil).

RISK MANAGEMENT AND FUTURE DEVELOPMENTS

Information regarding risk management and future developments has been included in the Strategic report.

DIRECTORS

The following Directors held office throughout the year and to the date of approval of this report:

J H Davenport
S C Hall
M A Lopez
I J Wilson

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Directors' and Officers' Liability Insurance is taken out by Morgan Stanley for the benefit of the Directors and Officers of the Company.

DIRECTORS' INDEMNITY

Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) were in force during the year and up to and including the date of the Directors' report for the benefit of the Directors of the Company and its subsidiary undertakings.

EMPLOYEES

Both the Company and the Morgan Stanley Group place considerable value on the investment in their employees and have continued their practice of keeping employees informed on matters affecting them. Employees are encouraged to present their suggestions and views on the Morgan Stanley Group's performance to management and employees participate directly in the success of the business through the Morgan Stanley Group's various compensation incentive plans.

EVENTS AFTER THE REPORTING DATE

Since the balance sheet date the coronavirus disease (COVID-19) pandemic has, and will likely continue to, severely impact global economic conditions, resulting in substantial volatility in the global financial markets and operational challenges. The extent of the impact is highly uncertain and cannot be predicted and could adversely affect the future operations and financial condition of Morgan Stanley Group and the Company. For further detail, refer to the 'Emergence of COVID-19' section on page 4 of the Strategic Report.

SOLIUM CAPITAL UK LIMITED

DIRECTORS' REPORT

AUDITOR

Deloitte LLP have expressed their willingness to continue in office as auditor of the Company and, under sections 485 to 488 of the Companies Act 2006, will be deemed to be re-appointed.

Statement as to disclosure of information to the auditor

Each of the persons who are Directors of the Company at the date when this report is approved confirms that:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

SOLIUM CAPITAL UK LIMITED

DIRECTORS' REPORT

DIRECTORS' REPONSIBILITIES STATEMENT

The directors are responsible for preparing 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standards 1 requires that the directors:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed; 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 and signed on its behalf by

I J Wilson
Director
21st April 2020

SOLIUM CAPITAL UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOLIUM CAPITAL UK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Solium Capital UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of financial position;
- the cash flow statement; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions 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.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

SOLIUM CAPITAL UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOLIUM CAPITAL UK LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.

Paul Cowley, C.A. (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
21st April 2020

SOLIUM CAPITAL UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2019

	Notes	2019 £	2018 £
Fee Income	4	11,100,049	7,837,997
Interest income	5	1,919	366
Interest expense	5	(190,004)	(249,432)
Net interest expense		(188,085)	(249,066)
Net revenues		10,911,964	7,588,931
Losses on investments in subsidiaries	6	(1,093,628)	-
Non-interest expense:			
Other expense	7	(14,238,085)	(8,467,186)
LOSS BEFORE INCOME TAX		**(4,419,749)**	**(878,255)**
Income tax	8	(2,618)	(4,324)
LOSS FOR THE YEAR		**(4,422,367)**	**(882,579)**
Exchange gain/(loss) on translating foreign operations		954	(459)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**954**	**(459)**
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(4,421,413)**	**(883,038)**

All operations were continuing in the current and prior year.

The notes on pages 17 to 37 form an integral part of the financial statements.

SOLIUM CAPITAL UK LIMITED

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2019

	Share capital £	Accumulated deficit £	Foreign currency translation reserve £	Total £
Balance at 1 January 2018	5,235,598	(2,149,223)	(313)	3,086,062
Loss for the year	-	(882,579)	-	(882,579)
Other comprehensive loss	-	-	(459)	(459)
Balance at 1 January 2019	5,235,598	(3,031,802)	(772)	2,203,024
Issued – ordinary shares	13,500,000	-	-	13,500,000
Loss for the year	-	(4,422,367)	-	(4,422,367)
Other comprehensive income	-	-	954	954
Balance at 31 December 2019	**18,735,598**	**(7,454,169)**	**182**	**11,281,611**

The notes on pages 17 to 37 form an integral part of the financial statements.

SOLIUM CAPITAL UK LIMITED

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Notes	31 December 2019 £	31 December 2018 £
ASSETS			
Cash		3,027,224	3,515,532
Trade and other receivables	9	4,688,467	4,845,647
Prepaid expenses		136,114	149,673
Contract costs		453,695	303,333
Investment in subsidiaries	10	2,023,584	437,234
Property, plant and equipment	11	2,263,702	2,571,669
Intangible assets	12	6,207,476	-
TOTAL ASSETS		**18,800,262**	**11,823,088**
LIABILITIES AND EQUITY			
Trade and other payables	14	7,190,390	9,304,197
Deferred revenue	4	328,261	315,867
TOTAL LIABILITIES		**7,518,651**	**9,620,064**
EQUITY			
Share capital	15	18,735,598	5,235,598
Accumulated deficit		(7,454,169)	(3,031,802)
Foreign currency translation reserve		182	(772)
Equity attributable to owners of the Company		**11,281,611**	**2,203,024**
TOTAL EQUITY		**11,281,611**	**2,203,024**
TOTAL LIABILITIES AND EQUITY		**18,800,262**	**11,823,088**

The financial statements of Solium Capital UK Limited, registered number 07632209 were approved and authorised for issue by the Board of Directors on 21st April 2020.

Signed on behalf of the Board of Directors

I J Wilson
Director

The notes on pages 17 to 37 form an integral part of the financial statements.

SOLIUM CAPITAL UK LIMITED

STATEMENT OF CASH FLOWS
Year ended 31 December 2019

	Notes	2019 £	2018 £
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES	16	(243,271)	1,852,637
INVESTING ACTIVITIES			
Purchases of property, plant and equipment	11	(43,117)	(54,918)
Investment in subsidiaries	10	(2,679,978)	(105,000)
NET CASH FLOWS USED IN INVESTMENT ACTIVITIES		**(2,723,095)**	**(159,918)**
FINANCING ACTIVITIES			
Proceeds from other Morgan Stanley Group undertakings		2,679,978	-
Payment of principal portion of lease liabilities		(203,091)	(78,811)
NET CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES		2,476,887	(78,811)
NET (DECREASE)/ INCREASE IN CASH		(489,479)	1,613,908
Currency translation differences on foreign currency cash balances		1,171	(529)
CASH AT THE BEGINNING OF THE YEAR		3,515,532	1,902,153
CASH AT THE END OF THE YEAR		3,027,224	3,515,532

The notes on pages 17 to 37 form an integral part of the financial statements.

1. CORPORATE INFORMATION

The Company is incorporated and domiciled in England and Wales, United Kingdom, at the following registered address New Penderel House, 4th Floor, 283 – 288 High Holborn, London, England, WC1V 7HP. The Company is a private company and is limited by shares. The registered number of the Company is 07632209.

The Company's immediate parent undertaking and controlling entity and the largest group of which the Company is a member and for which group financial statements are prepared is Morgan Stanley which, together with the Company and Morgan Stanley's other subsidiary undertakings, form the Morgan Stanley Group. Morgan Stanley has its registered office c/o The Corporation Trust Company, The Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States of America and is incorporated in the State of Delaware, in the United States of America. Copies of its financial statements can be obtained from www.morganstanley.com/investorrelations.

2. BASIS OF PREPARATION

The Company is not required to prepare consolidated financial statements by virtue of the exemption under section 401 of the Companies Act 2006. The results of the Company are included within the financial statements of Morgan Stanley which has prepared consolidated financial statements for the year ended 31 December 2019, has its registered office at 1209 Orange Street, Wilmington, DE 19801, United States of America and is incorporated in the State of Delaware, in the United States of America. The financial statements therefore present information about the Company as an individual entity and not about its group.

Statement of compliance

The Company has prepared its annual financial statements in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("EU"), Interpretations issued by the IFRS Interpretations Committee ("IFRIC") and the Companies Act 2006.

New standards and interpretations adopted during the year

The following standards, amendments to standards and interpretation relevant to the Company's operations were adopted during the year. These standards, amendments to standards and interpretations did not have a material impact on the Company's financial statements.

As part of the 2015-2017 Annual Improvements Cycle published in December 2017, the IASB made amendments to IAS 12 '*Income Taxes*' and IAS 23 '*Borrowing Costs*' for application in accounting periods beginning on or after 1 January 2019. The amendments were endorsed by the EU in March 2019.

IFRIC 23 '*Uncertainty over Income Tax Treatments*' was issued by the IASB in June 2017 for application in accounting periods beginning on or after 1 January 2019. The interpretation was endorsed by the EU in October 2018.

There were no other standards or interpretations relevant to the Company's operations which were adopted during the period.

New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the following standards, amendments to standards and interpretations relevant to the Company's operations were issued by the IASB but not mandatory for accounting periods beginning 1 January 2019. The Company does not expect that the adoption of the following standards, amendments to standards and interpretations will have a material impact on the Company's financial statements.

2. BASIS OF PREPARATION (CONTINUED)

New standards and interpretations not yet adopted (continued)

Amendments to IAS 1 '*Presentation of Financial Statements*' and IAS 8 '*Accounting Policies, Changes in Accounting Estimates and Errors*' were issued by the IASB in October 2018, for application in accounting periods beginning on or after 1 January 2020. The amendments were endorsed by the EU in December 2019.

An amendment to IFRS 3 '*Business Combinations*' was issued by the IASB in October 2018, for application in accounting periods beginning on or after 1 January 2020.

An amendment to IAS 1 '*Presentation of Financial Statements*': Classification of Liabilities as Current or Non-current was issued by the IASB in January 2020, for application in accounting periods beginning on or after 1 January 2022.

Basis of measurement

The financial statements of the Company are prepared under the historical cost basis and in accordance with IFRSs as adopted by the European Union.

Critical accounting judgements and key sources of estimation uncertainty

No critical accounting judgements have been made in the process of applying the Company's accounting policies that have had a significant effect on the amounts recognised in the financial statements. There are no key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

The going concern assumption

The Company's business activities, together with the factors likely to affect its future development, performance and position, and the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk and liquidity risk, are reflected in the Strategic report on pages 3 to 6 and, as set out in the Strategic report, retaining sufficient liquidity and capital to withstand market pressures remains central to Morgan Stanley's and the Company's strategy

Specifically, the existing and potential effects of COVID-19 (coronavirus) on the operational capacity of the business, access to liquidity and capital, contractual obligations, asset valuations and other critical accounting judgements and key sources of estimation uncertainty have been considered on page 4. Additionally, the specific impact of Brexit on the business of the Company has been considered on pages 4 and 5. The notes to the Company's financial statements include details of its financial instruments and provide further information, not included in the Strategic Report, on its credit risk and liquidity risk.

Taking the above factors into consideration, the Directors believe it is reasonable to assume that the Company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Functional currency

Items included in the financial statements are measured and presented in GBP, the currency of the primary economic environment in which the Company operates.

b. Foreign currencies

All monetary assets and liabilities denominated in currencies other than GBP are translated into GBP at the rates ruling at the reporting date. Transactions and non-monetary assets and liabilities denominated in currencies other than GBP are recorded at the rates prevailing at the dates of the transactions. All translation differences are taken through the statement of comprehensive income. Exchange differences recognised in the statement of comprehensive income are presented in 'Other expense'.

c. Financial instruments

i) Investments in subsidiaries

Subsidiaries are entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries, are stated at cost, less provision for any impairment (see note 3(e) below). Dividends, impairment losses and reversals of impairment losses are recognised in the statement of comprehensive income in 'Losses on investments in subsidiaries'. Dividends from investments which would be classified as financial liabilities by the investee are classified as interest and recognised in the statement of comprehensive income in 'Interest income'.

ii) Financial assets and financial liabilities at amortised cost

Financial assets at amortised cost include cash, and trade and other receivables.

Financial assets are recognised at amortised cost when the Company's business model objective is to collect the contractual cash flows of the assets and where these cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding until maturity. Such assets are recognised when the Company becomes a party to the contractual provisions of the instrument. The instruments are initially measured at fair value and subsequently measured at amortised cost less ECL allowance. Interest is recognised in the statement of comprehensive income in 'Interest income', using the effective interest rate ("EIR") method as described below. Transaction costs that are directly attributable to the acquisition of the financial asset are added to the fair value on initial recognition. ECL and reversals thereof are recognised in the statement of comprehensive income.

Financial liabilities classified at amortised cost include trade and other payables.

Financial liabilities are classified as being subsequently measured at amortised cost. They are recognised when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value and subsequently measured at amortised cost. Interest is recognised in the statement of comprehensive income in 'Interest expense' using the EIR method as described below. Transaction costs that are directly attributable to the issue of the financial liability are deducted from the fair value on initial recognition.

The EIR method is a method of calculating the amortised cost of a financial instrument (or a group of financial instruments) and of allocating the interest income or interest expense over the expected life of the financial instrument. The EIR is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, where appropriate a shorter period) to the carrying amount of the financial instrument. The EIR is established on initial recognition of the financial instrument. The calculation of the EIR includes all fees and commissions paid or received, transaction costs, and discounts or premiums that are an integral part of the EIR.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset.

The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire.

e. Impairment of financial instruments

Financial assets are assessed in order to determine if there has been a significant increase in credit risk since the financial asset has been recognised. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

If the credit risk on a financial asset has increased significantly since initial recognition, the Company measures the loss allowances for the financial asset at an amount equal to lifetime ECL. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

f. Revenue recognition

Revenues are recognised when the promised goods or services are delivered to the Company's customers, in an amount that is based on the consideration the Company expects to receive in exchange for those goods or services when such amounts are not probable of significant reversal.

Type of product/service	Nature, timing of satisfaction of performance obligations, significant payment terms
SaaS technology (Shareworks)	License and subscription revenue is recognised over time when the right to access the Company's intellectual property is transferred to the customer over the term of the license period. Transaction based fees are received as services are provided to execute the transactions entered into by participants. As the benefits from the services are received instantaneously, the performance obligation is satisfied over time based on the progress of the transaction. Invoices are issued according to contractual terms and are usually payable within 30 days. Uninvoiced amounts are presented as contract assets.
Implementation services	Implementation revenue is recognised at a point in time when control of the services provided have transferred to the customer, generally this is when the customer is fully implemented onto the Shareworks platform.
Consulting services	Consulting revenue is recognised at a point in time when those services are provided to the customer.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. Revenue recognition (continued)

Contracts with multiple products or services

The Company's contracts with customers may include multiple products and services. The Company evaluates these arrangements to determine the appropriate unit of accounting (performance obligation) for revenue recognition purposes based on whether the product or service is distinct from some or all of the other products or services in the arrangement and accounted for as a separate performance obligation. A product or service is distinct if the customer can benefit from it on its own or together with other readily available resources and the Company's promise to transfer the good or service is separately identifiable from other promises in the contractual arrangement with the customer. Non-distinct products and services are combined with other goods or services until they are distinct as a bundle and therefore form a single performance obligation. Where a contract consists of more than one performance obligation, revenue is allocated to each based on their relative estimated stand-alone selling price.

Contract costs

The Company recognises an asset for the incremental costs of obtaining a contract with a customer if it expects the costs to be recoverable and are amortised consistent with the pattern of transfer to the customer for the goods and services to which the asset relate. Capitalised commission fees are amortised over the expected life of the contract. The expected life of a contract is 10 years.

g. Property, plant and equipment

Property, plant and equipment are stated at cost net of depreciation and any provision for impairment in value (see note 3(i) below), which are included in "Other expense" in the statement of comprehensive income.

Depreciation is provided on property, plant and equipment at rates calculated to write off the cost of the assets on a straight line basis over their expected useful lives as follows:

Computer equipment	3 – 4 years
Furniture and office equipment	5 years
Leasehold improvements	Term of the lease

The carrying amount of an item of property, plant and equipment shall be derecognised on disposal or when no further economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

h. Intangible assets

Intellectual property acquired by the Company are stated at cost less accumulated amortisation and accumulated impairment losses (see note 3(i) below). Amortisation is recognised in 'Other expense' in the statement of comprehensive income on a straight line basis over the useful economic life of the intellectual property. The estimated useful life of the intellectual property is ten years.

i. Impairment of non-financial assets

Non-financial assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units 'CGU'). Such impairment losses are recognised in the statement of comprehensive income and are recognised against the carrying amount of the impaired asset on the statement of financial position. Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. Cash

Cash comprises balances with original maturities of three months or less, that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

k. Income tax

The tax expense represents the sum of the tax currently payable.

The tax currently payable is calculated based on taxable profit for the year. Taxable profit may differ from profit/(loss) before income tax as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Current tax is charged or credited in the statement of comprehensive income.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and limited to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current tax assets are offset against current tax liabilities when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Company intends to settle its current tax assets and current tax liabilities on a net basis or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and current tax liabilities on a net basis.

l. Leases

For leases whose original lease term exceeds one year, right of use assets ("ROU") and lease liabilities are initially recognised based on the present value of the lease payments over the lease term. The discount rate used in determining the present value is the Company's incremental borrowing rate. The ROU asset also includes any prepaid lease payments and initial direct costs incurred and is reduced to reflect lease incentives received. The interest on lease liabilities are accrued at a constant periodic rate of interest on the remaining balance of the lease liability. The liability is remeasured when there is a change in future lease payments arising from a change in an index or rate or from a market rent review. Additionally, the lease liability is remeasured if the Company changes its assessment of whether it will exercise an extension or termination option or undertakes certain modifications of the lease. The ROU asset is depreciated on a straight line basis from the lease commencement date to the earlier of the end of its useful life or the end of the lease term. Depreciation of ROU assets is presented within 'Other expenses'. In addition, the ROU asset is tested for impairment losses where there is an impairment event.

The Company evaluates contracts greater than one year to determine whether they contain lease components at inception. Where contracts contain both lease and non-lease components, they are accounted for as a single lease.

The Company present ROU assets within the 'Property, plant and equipment' line and lease liabilities within the 'Trade and other payables' line of the statement of financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Offsetting of financial assets and financial liabilities

Where there is a currently legally enforceable right to set off the recognised amounts and an intention to either settle on a net basis or to realise the asset and the liability simultaneously, financial assets and financial liabilities are offset and the net amount is presented on the statement of financial position. In the absence of such conditions, financial assets and financial liabilities are presented on a gross basis.

n. Employee compensation plans

Employees are awarded share-based compensation in the forms of restricted stock units and Share Options for services rendered to the Company. Awards are equity-settled and the cost of the equity-based transactions with employees is measured based on the fair value of the equity instruments at grant date. The fair value of the restricted stock award is based on the market price of issuer's common stock on the date the award is granted, measured as the volume-weighted average price on the date of grant. The fair value of stock options is estimated using the Black-Scholes valuation model, which takes into account the options exercise price, its expected term, the risk free interest rate and the expected volatility of the market price of the Company's shares. Awards are amortised over the furture service period.

Awards generally contain clawback and cancellation provisions. Each tranche in an award is considered a separate grant with its own vesting period and grant date fair value. Compensation expense for these awards is adjusted for changes in the fair value of the issuer's common stock until conversion.

The Company recognises compensation cost on a straight-line basis over the relevant vesting period for each separately vesting portion of the award. An estimation of awards that will be forfeited prior to vesting due to the failure to satisfy service conditions is considered in calculating the total compensation cost to be amortised over the relevant vesting period. Share based compensation expense is recorded within 'Other expense' in the statement of comprehensive income.

4. FEE INCOME

Disaggregation of revenue
In the following table, revenue is disaggregated by the timing of revenue recognition.

	31 December 2019	31 December 2018
	£	£
Recognised at point in time	620,490	255,771
Recognised over time	10,479,559	7,582,226
	11,100,049	7,837,997

Revenue from the Company's SaaS technology platforms (license and subscription fees and transaction-based fees) are recognised over time. Implementation fees and consulting fees are recognised at a point in time.

Contract balances
The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	31 December 2019	31 December 2018
	£	£
Trade receivables included in 'Trade and other receivables'	725,464	841,896
Contract assets included in 'Trade and other receivables'	813,736	216,053
Contract liabilities included in 'Deferred revenue'	(328,261)	(315,867)

The contract assets primarily relate the Company's rights to consideration for work complete but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional.

4. FEE INCOME (CONTINUED)

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised when performance obligations are satisfied.

Contract costs
During the year ended 31 December 2019, the amount of amortisation was £47,568 (2018: £27,872). There was an impairment loss in relation to the costs capitalised for the year ended 31 December 2019 for £180 (2018: £nil).

5. INTEREST INCOME AND INTEREST EXPENSE

All interest income and expense relates to financial assets and financial liabilities at amortised cost and is calculated using the EIR method (refer to note 3(c)).

6. LOSSES ON INVESTMENTS IN SUBSIDIARIES

	2019 £	2018 £
Impairment loss (see note 10)	1,093,628	-

7. OTHER EXPENSE

	2019 £	2018 £
Staff costs	6,907,968	3,946,623
Depreciation of property, plant and equipment	350,867	345,122
Amortisation of contract costs	47,568	27,872
Amortisation of intangible asset	269,890	-
Professional services	530,189	288,742
Net foreign exchange loss/(gain)	205,916	(35,526)
Other	5,925,687	3,894,353
	14,238,085	8,467,186

Audit fees of £63,607 (2018: £23,107) were paid to Deloitte LLP and their associates for the audit of the Company's annual financial statements. During the year £41,800 (2018: £nil) other fees were paid to the Company's auditor.

Staff Costs

The average number of employees of the Company, including Directors, was 67 (2018: 65), all of whom are engaged in operation support for the Company and other group undertakings. Two Directors of the Company are employed by other group undertakings (2018: two).

The costs of the staff, including the Directors, are analysed below:

	2019 £	2018 £
Wages and Salaries	5,983,275	3,534,084
Social security costs	823,798	362,272
Pension costs	100,895	50,267
	6,907,968	3,946,623

7. OTHER EXPENSE (CONTINUED)

The amount of remuneration received by Directors in respect of their qualifying services to the Company is disclosed in the Related Party disclosures note 21.

8. INCOME TAX

	2019	2018
	£	£
Current tax expense		
Current year	2,618	4,324
Income tax	2,618	4,324

Reconciliation of effective tax rate

The current year income tax expense is higher (2018: higher) than that resulting from applying the average standard rate of corporation tax in the UK for the year of 19% (2018: 19%). The main differences are explained below:

	2019	2018
	£	£
Loss before income tax	(4,419,749)	(878,255)
Income tax benefit using the average standard rate of corporation tax in the UK of 19% (2018: 19%)	(839,752)	(166,869)
Impact on tax of:		
Expenses not deductible for tax purposes	199,211	2,608
Effect of tax rates in foreign jurisdictions	67,652	9,564
Utilization of tax losses not previously recognised	575,507	159,021
Total income tax in the statement of comprehensive income	2,618	4,324

The Company has not recognised £1,100,282 (2018: £515,141) of deferred tax assets owing to the uncertainty of future taxable income.

9. TRADE AND OTHER RECEIVABLES

	2019	2018
	£	£
Trade and other receivables		
Trade receivables	763,264	841,896
Less: ECL allowance (included in 'Other expense')	(37,800)	-
	725,464	841,896
Other receivables:		
Amounts due from other group undertakings	3,144,633	3,753,202
Other receivable	818,370	250,549
	3,963,003	4,003,751
Total	4,688,467	4,845,647

The directors consider the fair value of trade and other receivables to be the equivalent of book value.

10. INVESTMENTS IN SUBSIDIARIES

	Subsidiary Undertakings £
Cost	
At 1 January 2019	437,234
Additions	2,679,978
At 31 December 2019	3,117,212
Impairment provisions	
At 1 January 2019	-
Provisions made in the year	(1,093,628)
At 31 December 2019	(1,093,628)
Carrying amounts	
At 31 December 2018	437,234
At 31 December 2019	2,023,584

During the year the Company made further investment of £2,179,978 (2018: £nil) in Solium Shareworks Europe SAS and £500,000 (2018: £105,000) in Solium Trustee (Jersey) Limited.

An impairment review of the investment held in Solium Shareworks Europe SAS was undertaken. Following the assessment of business performance and forecasts, including the planned closure of Solium Shareworks Europe SAS, it was calculated that the recoverable amount based on value in use was less than the carrying amount. As a result, an impairment loss of £1,093,628 is recorded.

Details of each of the subsidiary at the end of the reporting period are as follows:

			% equity interest	
Name	**Nature of business**	**Investment**	**2019**	**2018**
Solium Shareworks España SL	Service Entity	£2,340	100%	100%
Solium Trustee (UK) Limited	Financial Services	£1	100%	100%
Solium Nominee (UK) Limited	Financial Services	£1	100%	100%
Solium Trustee (Jersey) Limited	Financial Services	£915,000	100%	100%
Solium Shareworks Europe SAS	Service Entity	£2,199,870	100%	100%

Registered address of the subsidiaries:

Solium Shareworks España SL	Travessera de Gràcia 11, 6ª Planta, Barcelona, Spain, 08021
Solium Trustee (UK) Limited	New Penderel House, 4th Floor, 283-288 High Holborn, London, England, WC1V 7H
Solium Nominee (UK) Limited	New Penderel House, 4th Floor, 283-288 High Holborn, London, England, WC1V 7H
Solium Trustee (Jersey) Limited	13-14 Esplanade, St. Helier, Jersey, Channel Islands, JE1 1BD
Solium Shareworks Europe SAS	61 Rue de Monceau, 75008 Paris, France

Ordinary shares are held for investment in the subsidiaries stated above.

11. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £	Furniture and office equipment £	Leasehold Improve-ments £	Right-of-use assets £	Total £
Cost					
At 1 January 2019	223,999	146,654	443,792	2,281,524	3,095,969
Additions	43,117	-	-	-	43,117
Disposals	(51,097)	(13,290)	-	-	(64,387)
Foreign exchange revaluation	(385)	-	-	-	(385)
At 31 December 2019	**215,634**	**133,364**	**443,792**	**2,281,524**	**3,074,314**
Accumulated depreciation					
At 1 January 2019	110,100	127,909	52,289	234,002	524,300
Charge for the year	64,530	8,337	43,997	234,003	350,867
Disposals	(51,097)	(13,290)	-	-	(64,387)
Foreign exchange revaluation	(168)	-	-	-	(168)
At 31 December 2019	**123,365**	**122,956**	**96,286**	**468,005**	**810,612**
Carrying amount					
At 31 December 2019	**92,269**	**10,408**	**347,506**	**1,813,519**	**2,263,702**

	Computer equipment £	Furniture and office equipment £	Leasehold Improve-ments £	Right-of-use assets £	Total £
Cost					
At 1 January 2018	212,553	143,927	439,989	2,310,660	3,107,129
Additions	48,387	2,727	3,803	-	54,917
Disposals	(37,033)	-	-	-	(37,033)
Adjustment due to remeasurement of lease liability	-	-	-	(29,136)	(29,136)
Foreign exchange revaluation	92	-	-	-	92
At 31 December 2018	**223,999**	**146,654**	**443,792**	**2,281,524**	**3,095,969**
Accumulated depreciation					
At 1 January 2018	95,328	112,123	8,739	-	216,190
Charge for the year	51,784	15,786	43,550	234,002	345,122
Disposals	(37,033)	-	-	-	(37,033)
Foreign exchange revaluation	21	-	-	-	21
At 31 December 2018	**110,100**	**127,909**	**52,289**	**234,002**	**524,300**
Carrying amount					
At 31 December 2018	**113,899**	**18,745**	**391,503**	**2,047,522**	**2,571,669**

12. INTANGIBLE ASSETS

	Shareworks IP £
Cost	
At 1 January 2019	-
Additions	6,477,366
At 31 December 2019	6,477,366
Amortisation	
At 1 January 2019	-
Amortisation for the year	269,890
At 31 December 2019	269,890
Carrying amount	
31 December 2019	6,207,476

The Company had no intangible assets in the prior year.

13. LEASES

Leases

The Company's leases are primarily real estate leases.

Extension and termination options

Certain real estate leases contain extension and termination options to provide additional operational flexibility. Extension and termination options that are at the option of the lessee are included in the assessment of the lease term where the extensions are considered reasonably certain of being exercised or where termination options are considered reasonably certain not to be exercised. Where the option is controlled by the lessor, the lease term assumes that extension options will be exercised and that termination options will not be exercised.

Lessee disclosures

The statement of financial position includes ROU assets within 'Property, Plant and Equipment' (note 11) and lease liabilities within 'Trade and other payables' (note 14).

The statement of comprehensive income includes depreciation of right-of-use assets within 'Other expense' (note 7) and interest expense on lease liabilities.

13. LEASES (CONTINUED)

Maturity analysis of lease liabilities

In the following maturity analysis, undiscounted lease payments due on lease liabilities should be allocated to the earliest period in which the entity can be required to pay the cash. The following table represents the undiscounted lease payments analysed according to their earliest contractual maturities.

	2019 £	2018 £
On demand	-	-
Less than 1 month	27,744	27,744
Equal to or more than 1month but less than 3 months	55,488	55,488
Equal to or more than 3 months but less than 1 year	249,696	249,696
Equal to or more than 1 year but less than 5 years	1,338,462	1,335,462
Equal to or more than 5 years	923,802	1,259,730
Total undiscounted lease liabilities	2,595,192	2,928,120
Less: Unearned interest expense	(514,508)	(644,345)
Total lease liability	2,080,684	2,283,775

14. TRADE AND OTHER PAYABLES

	2019 £	2018 £
Trade payables	16,812	92,634
Other payables		
Amounts due to other group undertakings	2,837,501	5,499,094
Lease liabilities	2,080,684	2,283,775
Other amounts payable	2,255,393	1,428,694
	7,190,390	9,304,197

The directors consider the fair value of trade and other payables to be the equivalent of book value.

15. EQUITY

Share capital

	Ordinary shares of £1 each Number	Ordinary shares of £1 each £
Authorised, allotted and fully paid:		
At 1 January 2018	5,235,598	5,235,598
At 31 December 2018	5,235,598	5,235,598
Increase in the year:		
29 March 2019	2,000,000	2,000,000
23 September 2019	2,000,000	2,000,000
06 December 2019	9,500,000	9,500,000
At 31 December 2019	18,735,598	18,735,598

During the year, the authorised share capital of the Company was increased from £5,235,598 to £18,735,598 by an allotment of 13,500,000 ordinary shares of £1.00 each for a consideration of £13,500,000 settled by intercompany. The Company issued £2,000,000 share capital to Solium Capital ULC and £11,500,000 to Morgan Stanley.

16. ADDITIONAL CASH FLOW INFORMATION

Reconciliation of cash flows (used in)/from operating activities

	2019	2018
	£	£
Loss for the year	**(4,422,367)**	(882,579)
Adjustments for:		
Impairment loss on investment in subsidiary	**1,093,628**	-
Amortisation of intangible asset	**269,890**	-
Amortisation of contract costs	**47,568**	27,872
Depreciation on property, plant and equipment	**350,867**	345,122
Share based payment	**1,927,206**	198,680
Allowance for doubtful debts	**37,800**	-
Interest income	**(1,919)**	(366)
Interest expense	**190,004**	249,432
Income tax expense	**2,618**	4,324
Operating cash flows before changes in operating assets and liabilities	**(504,705)**	(57,515)
Changes in operating assets		
Decrease/(increase) in trade and other receivables	**119,380**	(270,239)
Decrease/(increase) in prepaids	**13,559**	(2,834)
Increase in contract costs	**(197,930)**	(202,729)
	(64,991)	(475,802)
Changes in operating liabilities		
Increase in trade and other payables	**441,949**	2,232,690
Increase in other liabilities	**12,394**	210,518
	454,343	2,443,208
Interest received	**1,919**	366
Interest paid	**(129,837)**	(57,620)
Net cash flows (used in)/from operating activities	**(243,271)**	1,852,637

Supplemental disclosure of cash flow information

	2019	2018
	£	£
Non-cash operating activity:		
Purchase of intangible asset	**6,477,366**	-
Non-cash financing activity:		
Issue of ordinary share capital (conversion of debt to equity)	**13,500,000**	-

17. EXPECTED MATURITY OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered, realised or settled.

31 December 2019	Less than or equal to twelve months £	More than twelve months £	Total £
ASSETS			
Cash	3,027,224	-	3,027,224
Trade and other receivables	4,688,467	-	4,688,467
Prepaid expenses	130,665	5,449	136,114
Contract costs	56,366	397,329	453,695
Investment in subsidiaries	-	2,023,584	2,023,584
Property, plant and equipment	234,002	2,029,700	2,263,702
Intangible assets	-	6,207,476	6,207,476
TOTAL ASSETS	**8,136,724**	**10,663,538**	**18,800,262**
LIABILITIES			
Trade and other payables	5,168,029	2,022,361	7,190,390
Deferred revenue	328,261	-	328,261
TOTAL LIABILITIES	**5,496,290**	**2,022,361**	**7,518,651**

31 December 2018	Less than or equal to twelve months £	More than twelve months £	Total £
ASSETS			
Cash	3,515,532	-	3,515,532
Trade and other receivables	4,845,647	-	4,845,647
Prepaid expenses	136,341	13,332	149,673
Contract costs	53,330	250,003	303,333
Investment in subsidiaries	-	437,234	437,234
Property, plant and equipment	234,003	2,337,666	2,571,669
TOTAL ASSETS	**8,784,853**	**3,038,235**	**11,823,088**
LIABILITIES			
Trade and other payables	7,223,513	2,080,684	9,304,197
Deferred revenue	315,867	-	315,867
TOTAL LIABILITIES	**7,539,380**	**2,080,684**	**9,620,064**

18. FINANCIAL RISK MANAGEMENT

Risk management procedures

Risk is an inherent part of the Company's business activity. The Company seeks to identify, assess, monitor and manage each of the various types of risk involved in its business activities in accordance with defined policies and procedures.

As part of the transition and integration with the Morgan Stanley Group, the Company continues to assess its own risk management policy framework and progress towards adoption and leveraging of the risk management policies and procedures of the Morgan Stanley Group, where appropriate.

Significant risks faced by the Company resulting from its trading, financing and investment activities are set out below.

Foreign exchange risk

The Company's functional currency is GBP but has EUR financial assets and liabilities. The Company's foreign currency risk arises mainly from the exchange rate movements of the EUR against the GBP, which is the Company's reporting currency. Presently, no transaction in forward currency exchange contracts is deemed necessary as the risk is minimal.

The risk is only applicable to the amounts owed by and due to group undertakings.

Credit risk

Credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to the Company.

The Company's principal financial assets are cash at bank and trade receivables.

The Company enters the majority of its financial asset transactions with other Morgan Stanley Group undertakings, and both the Company and the other Morgan Stanley Group undertakings are wholly-owned subsidiaries of the same ultimate parent entity, Morgan Stanley. As a result of the implicit support that would be provided by Morgan Stanley, the Company is considered exposed to the credit risk of Morgan Stanley, except where the Company transacts with other Morgan Stanley Group undertakings that have a higher credit rating to that of Morgan Stanley.

The carrying amounts of financial assets on the statement of financial position represent the Company's maximum credit exposure at the statement of financial position date.

Liquidity risk

Liquidity risk refers to the risk that the Company will be unable to finance its operations due to a loss of access to the capital markets or difficulty in liquidating its assets. Liquidity risk encompasses the Company's ability (or perceived ability) to meet its financial obligations without experiencing significant business disruption or reputational damage that may threaten the Company's viability as a going concern. Liquidity risk also encompasses the associated funding risks triggered by the market or idiosyncratic stress events that may cause unexpected changes in funding needs or an inability to raise new funding. Generally, the Company incurs liquidity and funding risk as a result of its trading, investing and client facilitation activities.

The primary goal of the Company's liquidity risk and funding management framework is to ensure that the Company has access to adequate funding across a wide range of market conditions and time horizons.

Interest rate risk

Interest rate risk arises from the potential change in interest rate that may have an adverse effect on the Company in the current reporting year and in the future years. There are no interest-bearing assets and liabilities.

The Company's capital resource consists of equity. The Company uses cash flows from operating activities to fund its operations.

19. CAPITAL MANAGEMENT

The Morgan Stanley Group manages its capital on a global basis with consideration for its legal entities. The capital managed by the Morgan Stanley Group broadly includes ordinary share capital, preference share capital, subordinated loans and reserves.

The Morgan Stanley Group actively manages its consolidated capital position based upon, among other things, business opportunities, risks, capital availability and rates of return together with internal capital policies, regulatory requirements and rating agency guidelines. In the future, the Morgan Stanley Group may expand or contract its capital base to address the changing needs of its businesses.

The Morgan Stanley Group also aims to adequately capitalise at a legal entity level whilst safeguarding that entity's ability to continue as a going concern and ensuring that it meets all regulatory capital requirements, so that it can continue to provide returns for the Morgan Stanley Group.

In order to maintain or adjust the capital structure as described above, the Company may adjust the amount of dividends paid, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company is regulated by the FCA and as such is subject to minimum capital requirements. The Company's capital is monitored on an ongoing basis to ensure compliance with these requirements. At a minimum, the Company must ensure that Capital Resources (share capital, subordinated debt, audited profit and loss and eligible reserves) are greater than the Capital Resource Requirement including credit, market and operational risk.

20. EMPLOYEE COMPENSATION PLANS

On February 10, 2019, Solium Capital ULC, formerly Solium Capital Inc., entered into a definitive arrangement agreement with Morgan Stanley which, through a wholly-owned subsidiary, acquired all of the Solium Capital Inc's issued and outstanding common shares.

Prior to the acquisition, the Company had a stock option plan which provides for the issuance of common shares of Solium Capital ULC and a restricted share unit plan. Solium Capital ULC administers these plans and the Company reimburses Solium Capital ULC for the actual expenses incurred.

The stock option plan was open to Directors, officers, employees, consultants and other key personnel of its subsidiaries. Under this plan, options granted to Directors, officers, employees and consultants may not exceed 12% of the aggregate number of issued and outstanding common shares of Solium Capital ULC on a non-diluted basis at the time of grant. Options generally expire within five years of the grant date. Generally, options granted vest 50% on the second anniversary, and an additional 25% on the third and fourth anniversaries from the original grant date.

The restricted share unit plan ("RSUPs") was open to Directors, officers, employees, consultants, and other key personnel of the Company and its subsidiaries. RSUPs is a time-vested award entitling the grantee to receive common shares at the time of vesting. Generally, RSUs granted vest 25% on the second anniversary, and 75% on the third anniversary from the original grant date.

Compensation expense related to stock options and RSUPs totaled £1,283,814 and £477,916, respectively, for the year ended 31 December 2019 (2018: £98,084 and £100,597). All RSUPs and share options were vested and paid out as part of the acquisition transaction. Solium Capital ULC's RSUP and stock option plan was subsequently replaced by the Morgan Stanely restricted share units awards ("RSUs") as below.

Post-acquisition, Morgan Stanley has granted RSUs pursuant to several equity-based compensation plans. The plans provide for the deferral of a portion of certain employees' incentive compensation, with awards made in the form of restricted common stock. Awards under these plans are generally subject to vesting over time, generally three years, and are generally contingent upon continued employment and subject to restrictions on sale, transfer or assignment until conversion to common stock. All, or a portion of, an award may be cancelled if employment is terminated before the end of the relevant vesting period, and after the vesting period in certain situations. Recipients of equity-based awards may have voting rights, at Morgan

20. EMPLOYEE COMPENSATION PLANS (CONTINUED)

Stanley's discretion, and generally receive dividend equivalents if the awards vest, unless this is prohibited by regulation.

During the year, Morgan Stanley granted 18,230 RSUs to employees of the Company with a weighted average fair value per unit of $47.86 USD, based on the market value of Morgan Stanley common stock at grant date.

The equity-based compensation expense in relation to Morgan Stanley RSUs recognised in the year is £165,476 (2018: £nil). The Company has also entered into a chargeback agreement with Morgan Stanley under which it is committed to pay to Morgan Stanley the grant date fair value of awards granted awards granted as well as subsequent movements in their fair value.

The related liability due to Morgan Stanley at the end of the year, reported within 'Other payables' in the statement of financial position, is £157,294 (2018: £nil) and is expected to be settled in greater than one year.

Post Employment Benefits

Plan operated by third party providers

The Company is a participant in the Aberdeen Standard Investment Group Personal Pension (the "Plan"), which requires contributions to be made to funds held in trust, separate from the assets of the Company with no legal or constructive obligation to pay further contributions. The Plan is a defined contribution plan.

The defined contribution pension charge recognised within 'Staff costs' in 'Other expense' in the statement of comprehensive income was £100,895 for the year (2018: £50,267) of which £nil was accrued at 31 December 2019 (2018: £nil).

21. RELATED PARTY DISCLOSURES

Parent and subsidiary relationships

Parent and controlling entity

The Company's immediate parent undertaking and controlling entity and the largest group of which the Company is a member and for which group financial statements are prepared is Morgan Stanley. Morgan Stanley has its registered office c/o The Corporation Trust Company, the Corporation Trust Center, 2019 Orange Street, Wilmington, DE, 19801, United States of America and is incorporated in the state of Delaware, the United States of America. Copies of its financial statements can be obtained from www.morganstanley.com/investorrelations.

Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel include the Board of Directors of Solium Capital UK Limited.

Key management personnel compensation, in respect of their services rendered comprised the following:

	2019 £	2018 £
Short-term employee benefits	736,704	606,264
Post-employment benefits	10,347	5,403
Share-based payments	1,036,295	97,332
	1,783,346	708,999

21. RELATED PARTY DISCLOSURES (CONTINUED)

The share-based payment costs disclosed above reflect the amortisation of equity-based awards granted to key management personnel and are therefore not directly aligned with other staff costs in the current year.

Key management personnel compensation is borne directly by the Company as well as other Morgan Stanley Group undertakings in the current year.

Directors' renumeration

The amount of renumeration received by Directors in respect of their qualifying services to the company is disclosed below:

	2019 £	2018 £
Total remuneration of all Directors:		
Aggregate remuneration	561,886	515,455
Company Contribution to Pension Plans	10,089	5,403
	571,975	520,858
Disclosures in respect of the highest paid Director:		
Aggregate remuneration	370,947	324,698
Company Contribution to Pension Plans	6,490	3,398
	377,437	328,096

Directors' remuneration has been calculated as the sum of cash, bonuses, and benefits in kind.

Prior to the acquisition the Directors were awarded Share Options and RSUPs under Solium Capital ULC administered plan (note 20). Post acqusition, all Directors who are employees of the Morgan Stanley Group are eligible for shares of the parent company, Morgan Stanley, awarded under the Morgan Stanley Group's equity-based long term incentive schemes. In accordance with Schedule 5 paragraph 1(3)(a) of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the above disclosures include neither the value of shares awarded, nor the gains made on exercise of share options. During the year, four Directors received RSUs in respect of qualifying services (2018: four) and there were no share options granted to the directors of the Company (2018: one).

The Company participates in a defined contribution scheme, the Plan. There are two Directors to whom retirement benefits are accruing under this Plan (2018: two). One director has benefits accruing under a non-UK defined contribution scheme (2018: nil).

The Company has not provided any loans or other credit advances to its Directors during the year (2018: nil).

Transactions with related parties

During the year, the Company issued £2,000,000 share capital to Solium Capital ULC and £11,500,000 to Morgan Stanley.

Funding

The Company receives funding from and provides funding to other Morgan Stanley Group undertakings in the following forms:

General funding

General funding is undated, unsecured, floating rate lending. Funding may be received or provided for specific transaction related funding requirements, or for general operational purposes. The interest rates are established by the Morgan Stanley Group Treasury function for all entities within the Morgan Stanley Group and approximate the market rate of interest that the Morgan Stanley Group incurs in funding its business.

21. RELATED PARTY DISCLOSURES (CONTINUED)

Transactions with related parties (continued)

Details of the outstanding balances on these funding arrangements and the related interest income or expense recognised in the statement of comprehensive income during the year are shown in the table below:

	2019		2018	
	Interest	Balance	Interest	Balance
	£	£	£	£
Undated				
Amounts due from other group undertakings	-	3,144,633	-	3,753,202
Undated				
Amounts due to the Company's direct parent undertakings	60,617	2,424,318	-	5,193,260
Amounts due to other group undertakings	-	413,183	-	305,384
	60,167	2,837,501	-	5,499,094

The Company has not recognised any expense and has made no provision for impairment relating to the amount of outstanding balances from related parties (2018: nil)

22. EVENTS AFTER THE REPORTING PERIOD

The emergence of COVID 19 (coronavirus) has created economic and financial disruption in the global economy which has led to operational challenges that could impair Morgan Stanley's ability to manage or conduct some of its business around the world. In line with many national and local guidelines, Morgan Stanley has required nearly all staff to work from home and business travel is severely restricted, however Morgan Stanley remain open for business.

Given the disruption in the financial markets, both Morgan Stanley and the Company are closely tracking our operational capacity. Additionally, the financial effects of the outbreak have a high degree of uncertainty, given that they are dependent on external factors such as the spread of the virus and the measures taken by the various governments and central banks. Morgan Stanley, and the Company, have already observed significant volatility in the global marketplace which could have an impact on their financial results and financial position in the future. Morgan Stanley and the Company continues to use their Risk Management framework, including stress testing, to understand the attendant uncertainties and their potential impact on our operations, liquidity and capital. Morgan Stanley in maintaining an active dialogue with all its relevant global regulators during this period.