

Applied Communications Inc. U.K. Holding Limited
Annual report and financial statements
for the year ended 31 December 2021

Registered number: 02874853

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Applied Communications Inc. U.K. Holding Limited

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Company information

Directors

S Behrens
D King
B Peterson

Company secretary

B Peterson

Registered office

ReD House (First floor)
Cemetery Pales
Brookwood
Surrey
GU24 0BL
United Kingdom

Independent auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

Applied Communications Inc. U.K. Holding Limited

Strategic report

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Principal activities

Applied Communications Inc. U.K. Holding Limited is a holding company. Its principal subsidiaries' activities are the provision of computer software and services.

Review of the business

The loss for the financial year after taxation was \$3.2 million (2020: loss of \$5.5 million) the reduction in loss is mainly due the increase in other income of \$1.7 million.

The COVID-19 pandemic resulted in authorities implementing numerous measures to try to contain the virus. These measures may remain in place for a significant period of time and adversely affect our business, operations and financial condition as well as the business, operations and financial conditions of our customers and business partners. The spread of the virus has also caused us to modify our business practices (including employee work locations and cancellation of physical participation in meetings) in ways that may be detrimental to our business (including working remotely and its attendant cybersecurity risks). We may take further actions as may be required by government authorities or that we determine are in the best interests of our employees and customers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the virus or otherwise be satisfactory to government authorities.

ACI created a dedicated Crisis Management Team to oversee and execute our business continuity plans and a variety of measures designed to ensure the ongoing availability of our products, solutions and services for our customers, while taking health and safety measures for our employees, including telecommuting, travel restrictions, social distancing policies, and stepped-up facility cleaning practices.

We believe we have sufficient liquidity to continue business operations during this volatile and uncertain period. We have sufficient available credit facilities through our participation in the group's cash pool. To address the potential long-term financial impacts of the virus, we have delayed non-essential capital spending and operating expenses.

Key performance indicators

Asset value is the key performance indicator used by management to monitor the performance of the business.

Principal risks and uncertainties

The Company has \$406.6 million (2020: \$338.8 million) in investments in subsidiaries, which carry a risk of underperformance. The principal risk facing the business relates to impairment of its main direct subsidiary, ACI Worldwide (EMEA) Limited, and subsequently the ability of the Company to see a return on its investment through dividend income. The directors have assessed the investments for indicators of impairment taking into consideration current and prospective trading, net assets, cashflow and liquidity.

The extent to which COVID-19 will impact the Company's results of operations and financial condition, including possible impairments of its financial and non-financial assets, will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain or treat its impact, among others.

The Company believe we have sufficient liquidity to continue business operations during this volatile and uncertain period. We have sufficient available credit facilities if needed.

Future developments

The Company has a strong balance sheet, free from external debt, and does not have any trade during the year. It is not anticipated that the Company will trade in the future but that it will continue in existence as a holding company. Through its continued participation in the group's cash pool, the Company has sufficient cash balances to handle its minimal day-to-day cash outflows.

Applied Communications Inc. U.K. Holding Limited

Strategic report (continued)

Events arising since the end of the reporting period

No events to report.

Section 172(1) statement

Overview and approach

A director of a company must act in the way they consider, in good faith, to promote the success of the company for the benefit of its shareholders as a whole and in doing so have regard (amongst other matters) to:

Employee engagement

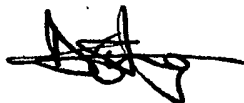
ACI is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, customers, investors, communities and society as a whole. People are at the heart of our specialised business and for ACI to succeed we need to manage our people's performance, development and talent while operating as efficiently as possible. ACI places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of ACI. This is achieved through formal and informal meetings, ACI news and a special edition for employees of the quarterly and annual results. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The employee share scheme has been running successfully for many years and is open to all employees, in addition the company has a successful sales incentive commission plan, management incentive plan as well as share options and other long-term incentive plans.

Business relationships

The directors fostered the Company's business relationships with suppliers, customers and others as these relationships directly contribute to mitigating principal risks and uncertainties. Details of principal risks and uncertainties can be found in the Strategic Report on pages 2 and 3.

Our strategy prioritises organic and acquired growth, driven by market related software solutions to existing customers as well as new customers. To do so we need to develop and maintain strong customer relationships at all times. We value all of our suppliers and have multi-year relationships and contracts with key suppliers and third-party stakeholders.

Approved by the Board and signed on its behalf by:



D King
Director

29 September 2022
ReD House (First floor)
Cemetery Pales
Brookwood
Surrey
GU24 0BL
United Kingdom

Applied Communications Inc. U.K. Holding Limited

Directors' report

The directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report, for the year ended 31 December 2021.

Future developments

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 1.

Events after the balance sheet date

Details of events arising since the end of the reporting period can be found in the Strategic Report on page 2.

Going concern

The directors have prepared the financial statements on a going concern basis, which assumes the Company will continue in operational existence for the foreseeable future.

Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Financial risk management objectives and policies.

The Company's activities expose it to a number of financial risks including cash flow risk, credit risk, and liquidity risk. The Company does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates, it should however be noted that the exposure to changes in foreign currency exchange rates are minimal. The Company does not use foreign exchange forward contracts and interest rate swap contracts to hedge these exposures as the exposures can be seen as insignificant.

Interest bearing assets and liabilities are held at rates as per the agreements to ensure certainty of cash flows.

Credit risk

The Company's principal financial assets are other receivables and investments.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term and short-term debt finance.

Dividends

The directors did not recommend the payment of a dividend, during the year and up to the date of signing these financial statements (2020: \$5 million).

Energy and carbon

The Company occupies one office property which is multi-tenanted and where a large company does not consume more than 40,000 kWh of energy in a reporting period, it qualifies as a low energy user and is exempt from reporting under these regulations. The company made use of this exemption.

Applied Communications Inc. U.K. Holding Limited

Directors' report (continued)

Directors

The directors, who served throughout the year and through to the date of signing, were as follows:

S Behrens

D Bymes – Resigned on 16-09-21

D King

B Peterson – Appointed on 16-09-21

Directors' indemnities

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

Political contributions

The Company made no political contributions during the year (2020: \$nil).

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

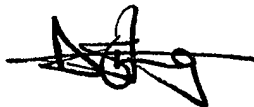
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received. The Company is consolidated in the financial statements of its ultimate parent, ACI Worldwide, Inc., which may be obtained at <http://investor.aciworldwide.com/financial-information/annual-reports>.

Approved by the Board and signed on its behalf by:



D. King

Director

29 September 2022

ReD House (First floor)
Cemetery Pales
Brookwood
Surrey
GU24 0BL
United Kingdom

Applied Communications Inc. U.K. Holding Limited

Directors' responsibilities statement

The directors are responsible 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "the Financial Reporting Standards Applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Applied Communications Inc. U.K. Holding Limited

Independent auditor's report to the members of Applied Communications Inc. U.K. Holding Limited (continued)

1. Opinion

In our opinion the financial statements of Applied Communications Inc. U.K. Holding Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. 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 as applied to listed entities, 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.

Applied Communications Inc. U.K. Holding Limited

Independent auditor's report to the members of Applied Communications Inc. U.K. Holding Limited (continued)

3. Summary of our audit approach

Key audit matters	<p>The key audit matter that we identified in the current year was:</p> <ul style="list-style-type: none">• Valuation of unlisted investments <p>Within this report, key audit matters are identified as follows:</p> <ul style="list-style-type: none">① Newly identified⬆ Increased level of risk⬅ Similar level of risk⬇ Decreased level of risk
Materiality	<p>The materiality that we used in the current year was \$8,100,000 which was determined on the basis of 2% of fixed assets.</p>
Scoping	<p>Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team. The audit is completed on the single entity accounts, with no consolidation being performed due to exemptions.</p>
Significant changes in our approach	<p>There is no significant change in our approach in the current year.</p>

4. Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included assessing:

- the company's financial obligations, including which are expected to fall due within the next twelve months;
- the company's access to cash through its participation in the group's cash pool;
- the company's other financing facilities being its intercompany funding, including their nature and repayment terms; and
- the appropriateness of the disclosures made in these financial statements.

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

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

Applied Communications Inc. U.K. Holding Limited

Independent auditor's report to the members of Applied Communications Inc. U.K. Holding Limited (continued)

5. Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of unlisted investments

Key audit matter description	<p>The company has unlisted investments of \$406.6m as at 31 December 2021 (2020: \$338.8m), valued at cost less provision for impairment. These investments comprise investments in ACI Worldwide (EMEA) Limited, ACI Worldwide B.V. and ACI Worldwide Belgium NV and are highly material to the company as they account for 79.0% of total assets (2020: 82.6%).</p> <p>Judgement is required by the directors as to whether any of the investments should be impaired based on the financial position and future prospects of the investments. This takes into consideration a range of factors such as the trading performance and current net asset position. The risk has been reduced due to initially arising upon a group restructure which triggered impairment indicators in 2019. These matters are no longer arising and thus a reduction in the risk has been deemed appropriate.</p> <p>Further details are included within the strategic report on page 1, critical accounting estimates and judgements note in note 2 and note 8 to the financial statements.</p>
How the scope of our audit responded to the key audit matter	<p>We assessed the company's investment portfolio for impairment indicators as designated by FRS 102.</p> <p>We obtained the most recent audited financial information of the related investments to determine whether they supported the carrying value by comparing the net assets of the subsidiary to the value of the investment in the financial statements.</p> <p>In addition to the above, the increase during the year, as a result of a capital contribution, have been agreed and tested via the review of supporting documentation and associated formalised minutes.</p>
Key observations	<p>Based on the work performed we concluded that the valuation of unlisted investments is appropriate.</p>

Applied Communications Inc. U.K. Holding Limited

Independent auditor's report to the members of Applied Communications Inc. U.K. Holding Limited (continued)

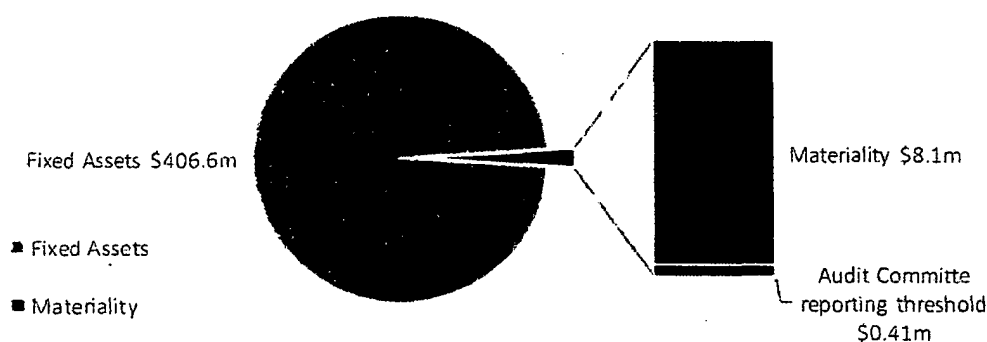
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	\$8,100,000 (2020: \$6,700,000)
Basis for determining materiality	2% of fixed assets (2020: 2% of fixed assets)
Rationale for the benchmark applied	We determined materiality based on fixed assets as this is the key metric used by management, investors, with shareholder value being driven by total assets value movements.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2021 audit (2020: 50%). In determining performance materiality, we considered the following factors when increasing our performance materiality level to 70%:

- our risk assessment, including our assessment of the overall control environment; and
- our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements.

6.3. Error reporting threshold

We agreed with the directors that we would report to the directors all audit differences in excess of \$405,000 (2020: \$335,000), as well as differences below that threshold that, in our view, warranted reporting on

Applied Communications Inc. U.K. Holding Limited

Independent auditor's report to the members of Applied Communications Inc. U.K. Holding Limited (continued)

qualitative grounds. We also report to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

8. Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

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

We have nothing to report in this regard.

9. 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.

10. 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.

Applied Communications Inc. U.K. Holding Limited

Independent auditor's report to the members of Applied Communications Inc. U.K. Holding Limited (continued)

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.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including relevant internal specialists, including tax and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

Applied Communications Inc. U.K. Holding Limited

Independent auditor's report to the members of Applied Communications Inc. U.K. Holding Limited (continued)

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

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

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.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

Applied Communications Inc. U.K. Holding Limited

**Independent auditor's report to the members of
Applied Communications Inc. U.K. Holding Limited (continued)**

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. 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 Adkins FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cambridge, United Kingdom

29 September 2022

Applied Communications Inc. U.K. Holding Limited

Profit and loss account

For the year ended 31 December 2021

	Note	2021 \$000	2020 \$000
Turnover		-	-
Administrative expenses		(5)	(15)
Other income	4	3,515	1,806
Operating profit		3,510	1,791
Finance costs (net)	3	(6,354)	(6,937)
Loss before taxation	4	(2,844)	(5,146)
Tax on loss	7	(397)	(369)
Loss for the financial year attributable to the equity shareholders of the Company		(3,241)	(5,515)

There are no recognised gains or losses in either year other than the profit or loss noted, and accordingly no separate Statement of Other Comprehensive Income is presented.

The notes on pages 17 to 27 form an integral part of these financial statements.

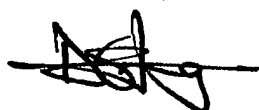
Applied Communications Inc. U.K. Holding Limited

Balance sheet

As at 31 December 2021

	Note	2021 \$000	2020 \$000
Fixed assets			
Investments	8	406,629	338,804
		<u>406,629</u>	<u>338,804</u>
Current assets			
Debtors	9	107,989	71,544
Creditors: amounts falling due within one year	10	(2)	(152,755)
Net current assets / (liabilities)		<u>107,987</u>	<u>(81,216)</u>
Total assets less current liabilities		<u>514,616</u>	<u>257,593</u>
Creditors: amounts falling due after more than one year	11	(150,264)	-
Net assets		<u>364,352</u>	<u>257,593</u>
Capital and reserves			
Called-up share capital	13	12,053	12,053
Capital contribution	13	168,420	58,420
Profit and loss account		183,879	187,120
Shareholder's funds		<u>364,352</u>	<u>257,593</u>

The financial statements of Applied Communications Inc. U.K. Holding Limited (registered number 02874853) were approved by the board of directors and authorised for issue on 29 September 2022. They were signed on its behalf by:



D King
Director

The notes on pages 17 to 27 form an integral part of these financial statements.

Applied Communications Inc. U.K. Holding Limited

Company statement of changes in equity
For the year ended 31 December 2021

		Called-up share capital \$000	Capital contribution \$000	Profit and loss account \$000	Total \$000
At 1 January 2020		12,053	58,420	197,635	268,108
Loss for the financial year		-	-	(5,515)	(5,515)
Dividends Paid		-	-	(5,000)	(5,000)
		<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020		12,053	58,420	187,120	257,593
Loss for the financial year		-	-	(3,241)	(3,241)
Capital Contribution	13	-	110,000	-	110,000
		<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021		12,053	168,420	183,879	364,352
		<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 17 to 27 form an integral part of these financial statements.

Applied Communications Inc. U.K. Holding Limited

Notes to the financial statements **For the year ended 31 December 2021**

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

Applied Communications Inc. U.K. Holding Limited is a company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the registered office is given on contents page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 1.

The financial statements have been prepared under the historical cost convention and in compliance and accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be United States Dollars because that is the currency of the primary economic environment in which the Company operates.

As the Company is a wholly-owned subsidiary of ACI Worldwide, Inc. ('ACI') the Company has taken advantage of the exemption contained in section 33 of FRS 102 (FRS 102.33.1A) and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). Under FRS 102 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking includes the Company in its own published consolidated financial statements. The shareholders have been notified in writing about, and do not object to, the use of the disclosure exemptions and otherwise applies the recognition, measurement and disclosure requirements of FRS 102. The consolidated financial statements of ACI within which this company is included, can be obtained from the address given in note 15.

b. Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The directors' report further describes the financial position of the Company; the Company's financial risk management objectives; and its exposure to credit risk and liquidity risk.

It is not anticipated that the Company will trade in the future but that it will continue in existence as a holding company. Despite generating a loss in the current year, sufficient cash balances are available to handle its remaining day-to-day cash outflows through its continued participation in the group's cash pool. This arrangement is underpinned by a signed loan agreement with Applied Communications GPC Limited.

After making enquiries, the Company's directors have a reasonable expectation that the Company will continue in operational existence for the next 12 months and the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the directors' report and annual financial statements.

c. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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

Applied Communications Inc. U.K. Holding Limited

Notes to the financial statements

For the year ended 31 December 2021

1. Accounting policies (continued)

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c)

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Applied Communications Inc. U.K. Holding Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

(ii) Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the Company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

d. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a cash generating unit ("CGU"), the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Applied Communications Inc. U.K. Holding Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

1. Accounting policies (continued)

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

e. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

f. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Other exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which are reported under equity.

g. Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Applied Communications Inc. U.K. Holding Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

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

Critical judgements in applying the Company's accounting policies

There were no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty – impairment of investments

Determining whether investments are impaired requires an estimation of the value in use of the cash-generating units to which investments has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of investments at the balance sheet date was \$406,629k (2020: \$338,804k) (note 8).

3. Finance costs (net)

	2021 \$000	2020 \$000
Interest payable to group undertakings	6,353	6,949
Foreign exchange loss/(gain)	1	(12)
	<u>6,354</u>	<u>6,937</u>

4. Loss before taxation

Profit before taxation is stated after charging/(crediting):

	2021 \$000	2020 \$000
Dividend income	-	(153)
Interest receivable from group undertakings	(879)	(1,653)
Asset Sales gain	(2,636)	-
Foreign exchange loss/(gain)	1	(12)
	<u></u>	<u></u>

The analysis of the auditor's remuneration is as follows:

Audit of the Company's annual financial statements	30	30
Tax compliance	6	6
	<u></u>	<u></u>

The audit remuneration is incurred by ACI Worldwide (EMEA) Limited

5. Staff numbers and costs

For the year ended 31 December 2021, the Company had no employees (2020: none) and incurred no staff costs (2020: none).

Applied Communications Inc. U.K. Holding Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

6. Directors' remuneration and transactions

The directors were not paid any remuneration for services to the Company. This company does not have any employees and therefore does not take part in a pension scheme.

7. Taxation

The tax charge comprises:	2021	2020
	\$000	\$000
Current tax on (loss)/profit		
Current tax on income for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	362	346
Adjustments in respect of prior periods	35	23
Total deferred tax (see note 12)	397	369
Total tax on profit	397	369

A deferred tax asset has been recognised as at 31 December 2021 as the availability of future profits against which to reverse the timing differences is considered sufficiently probable. The deferred tax asset represents other timing differences, which have fully provided for totalling \$0.4million (2020: \$0.8 million), there are no amounts not provided for (2020: \$nil).

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

	2021	2020
	\$000	\$000
Profit before tax	(2,845)	(5,146)
Current tax at 19% (2020: 19%)	(540)	(978)
Effects of:		
- Non-taxable other income	(502)	(29)
- Interest restriction used	(362)	(346)
- Group relief surrendered for nil payment	1,404	1,352
Total current tax (credit)/charge	-	-

The main rate of corporation tax is 19% (2020: 19%).

Applied Communications Inc. U.K. Holding Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

8. Fixed asset investments

	2021 \$000	2020 \$000
Subsidiary undertakings	<u>406,629</u>	<u>338,804</u>

Investments

The Companies in which the Company has interest at the year-end are as follows:

Name	Registered office address	Country of incorporation	Principal activity	% ordinary shares and voting rights held
ACI Worldwide (EMEA) Ltd	ReD House (First floor) Cemetery Pales Brookwood Surrey GU24 0BL United Kingdom	England and Wales	Provision of computer software and services	100%
ACI Worldwide (Italia) S.R.L	Blend Tower Piazza 4 Novembre Milan Italy 20124	Italy	Provision of computer software and services	5%
ACI Worldwide B.V.	Tielweg 3 2803 PK Gouda The Netherlands	Netherlands	Provision of computer software and services	100%
ACI Worldwide (Hellas) EPE	No. 37 Kallirois Street N. Kosmos Athens 11743 Greece	Greece	Provision of computer software and services	99%
ACI Worldwide Mexico S.A de C.V.	Insurgentes Sur 1605 Torre Mural Piso 14 Modulo 1 San Jose Insurgentes 03900 Mexico D.F. Mexico	Mexico	Provision of computer software and services	0.002%
ACI Worldwide Belgium NV	Ikaros Business Park Ikaroslaan 13 Zaventem 1930 Brussels	Belgium	Provision of computer software and services	100%

All of the above investments are held directly by Applied Communications Inc. U.K. Holding Limited.

Applied Communications Inc. U.K. Holding Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

8. Fixed asset investments (continued)

Subsidiary undertakings

	2021 \$000	2020 \$000
Cost		
At 1 January 2021	368,390	368,390
Additions	67,825	-
At 31 December 2021	<u>436,215</u>	<u>368,390</u>
Provisions for impairment		
At 1 January 2021	(29,586)	(29,586)
At 31 December 2021	<u>(29,586)</u>	<u>(29,586)</u>
Carrying value	<u>406,629</u>	<u>338,804</u>

During the year the Company received no dividends from investments in subsidiaries (2020: \$153k).

A capital contribution of \$67.8 million was made to ACI Worldwide EMEA Ltd in 2021 (2020: \$nil).

Subsidiary undertakings have not been consolidated by Applied Communications Inc. U.K. Holding Limited as permitted by s401 of the Companies Act 2006 as they are consolidated in the financial statements of ACI Worldwide, Inc.

9. Debtors

	2021 \$000	2020 \$000
Amounts falling due within one year:		
Deferred tax asset (see note 12)	420	817
Amounts owed by group undertakings	107,569	70,727
	<u>107,989</u>	<u>71,544</u>

Amounts owed by group undertakings

	2021 \$000	2020 \$000
Loans to related parties:		
Applied Communications GPC Limited	-	70,727
ACI Worldwide Corp	107,569	-
	<u>107,569</u>	<u>70,727</u>

All amounts owed by Company undertakings are unsecured and have no fixed repayment dates.

The Company is a participant in ACI's international cash pool and depending on the movement of cash the Company can either be the lender or the borrower, this arrangement is underpinned by a signed loan agreement with Applied Communications GPC Limited.

On 28 December 2021, the entire issued share capital of ACI Worldwide (Luxembourg) S.a.r.l was transferred to ACI Worldwide Corp. This forms part of a wider restructuring involving the liquidation of ACI Worldwide (Luxembourg) S.a.r.l.

Applied Communications Inc. U.K. Holding Limited

Notes to the financial statements (continued)
For the year ended 31 December 2021

10. Creditors: amounts falling due within one year

		2021 \$000	2020 \$000
Accruals		2	5
Amounts owed to group undertakings	11	-	152,750
		<u>2</u>	<u>152,755</u>

11. Creditors: amounts falling due after more than one year

		2021 \$000	2020 \$000
Amounts owed to group undertakings		150,264	-
		<u>150,264</u>	<u>-</u>

Amounts owed to group undertakings

		2021 \$000	2020 \$000
Loans to related parties:			
Applied Communications GPC Limited		(2,486)	-
Eurobond from related parties			
Applied Communications GPC Limited		152,750	-
ACI Worldwide (Luxembourg) S.a.r.l	10	-	152,750
		<u>150,264</u>	<u>152,750</u>

The amounts in respect of group undertakings relate to the Eurobond loan notes. \$400m Eurobond loan notes have been issued and as at 31 December 2021 \$152,750,000 have been subscribed. The loan notes as originally issued had an interest rate of 4.5% and originally fell due on the 1 August 2021. During the year, the loan notes were extended, and now have a repayment date of 1 August 2024. As part of the extension, the loan note interest was also amended to 3.5%, which will be applicable moving forward. The notes are listed on The International Stock Exchange. In addition to the above, during the year, the holder of loan notes was transferred from ACI Worldwide (Luxembourg) S.a.r.l to Applied Communication GPC Limited. Both entities remain related due to the common controlling party.

Applied Communications Inc. U.K. Holding Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

12. Deferred tax

Deferred tax is provided as follows:

	2021 \$000	2020 \$000
Other timing differences	(397)	(369)
	<u>(397)</u>	<u>(369)</u>
	2021 \$000	2020 \$000
Opening deferred tax asset	817	1,187
Amounts charged to profit and loss	(397)	(369)
Closing deferred tax asset	<u>420</u>	<u>817</u>

The deferred tax asset has been recognised, as the Directors consider that the Company will generate sufficient taxable profits in the foreseeable future that will enable the asset to be recovered.

In the September 2022 Mini Budget it was announced that the increase to 25% would now not occur and the Corporation Tax Rate would instead be held at 19%. This rate had not been substantively enacted at the balance sheet date, and as the result the deferred tax balances as at 31 December 2021 continue to be measured at the hybrid/full 25% rate noted above. The estimated impact of the reversal of the corporation tax rate increase would not have a material impact on the current deferred tax asset.

13. Called-up share capital and reserves

	2021 \$000	2020 \$000
Authorised		
7,522,188 (2020: 7,522,187) Ordinary shares £1 each	<u>12,053</u>	<u>12,053</u>
Allotted, called-up and fully paid		
7,522,188 (2020: 7,522,187) Ordinary shares £1 each	<u>12,053</u>	<u>12,053</u>
Shares classified in shareholders' funds	<u>12,053</u>	<u>12,053</u>

The Company has one class of ordinary shares which carry no right to fixed income.

On 13 December 2021 Company accepted a contribution from its then parent, ACI Worldwide (Luxembourg) S.a.r.l. in the form of a note in the amount of \$110. million in exchange for 1 ordinary share of the Company.

On 28 December 2021, the entire issued share capital of ACI Worldwide (Luxembourg) S.a.r.l. was transferred to ACI Worldwide Corp. This forms part of a wider restructuring involving the liquidation of ACI Worldwide (Luxembourg) S.a.r.l.

Applied Communications Inc. U.K. Holding Limited

Notes to the financial statements (continued)

For the year ended 31 December 2021

14. Ultimate parent Company and ultimate controlling party

As the Company is a wholly-owned subsidiary of ACI Worldwide, Inc., the Company has taken advantage of the exemption contained in section 33 of FRS 102 (FRS 102.33.1A) and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the group qualifying as related parties as 100% of the voting rights are controlled within the Group).

The ultimate parent undertaking and the controlling party which heads the largest and smallest group in which these accounts are consolidated is ACI Worldwide, Inc., a company incorporated in the United States of America and registered at 2811 Ponce de Leon Blvd, PH1 Coral Gables, FL 33134, USA. The consolidated accounts may be obtained from <http://investor.aciworldwide.com/financial-information/annual-reports>.

The Company's immediate parent company at the period end, by virtue of the majority shareholding in Applied Communications Inc. U.K. Holding Limited, was ACI Worldwide Corp.

15. Post balance-sheet events

No events to report.