

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2020
FOR
ACL EUROPE LTD

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for the Year Ended 31 July 2020

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COMPANY INFORMATION
for the Year Ended 31 July 2020

DIRECTORS:

S L Greaves
H J Will
P P Van Dooren

SECRETARY:

Abogado Nominees Limited

REGISTERED OFFICE:

100 New Bridge Street
London
EC4V 6JA

REGISTERED NUMBER:

06548121 (England and Wales)

AUDITORS:

Oury Clark Chartered Accountants
Statutory Auditors
Herschel House
58 Herschel Street
Slough
Berkshire
SL1 1PG

BALANCE SHEET
31 July 2020

	Notes	31.7.20 \$	\$	31.7.19 \$	\$
FIXED ASSETS					
Tangible assets	4		63,598		71,312
Investments	5		<u>8,475</u>		<u>8,475</u>
			72,073		79,787
CURRENT ASSETS					
Debtors	6	1,278,808		2,019,101	
Cash at bank		<u>7,096,235</u>		<u>5,639,313</u>	
		8,375,043		7,658,414	
CREDITORS					
Amounts falling due within one year	7	<u>6,544,405</u>		<u>6,637,238</u>	
NET CURRENT ASSETS			<u>1,830,638</u>		<u>1,021,176</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,902,711		1,100,963
CREDITORS					
Amounts falling due after more than one year	8		(418,719)		(281,532)
PROVISIONS FOR LIABILITIES			<u>(8,053)</u>		<u>-</u>
NET ASSETS			<u>1,475,939</u>		<u>819,431</u>
CAPITAL AND RESERVES					
Called up share capital	10		2		2
Retained earnings			<u>1,475,937</u>		<u>819,429</u>
SHAREHOLDERS' FUNDS			<u>1,475,939</u>		<u>819,431</u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 26 January 2021 and were signed on its behalf by:

H J Will - Director

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 July 2020**

1. STATUTORY INFORMATION

ACL Europe Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in US Dollars (\$). The functional currency is also US Dollars.

Preparation of consolidated financial statements

The financial statements contain information about ACL Europe Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

2. ACCOUNTING POLICIES - continued

Turnover

Turnover comprises of revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

The company enters into arrangements for the sale of (i) arrangements consisting of the company's software-as-a-service ("SaaS") offerings, (ii) licences of software products, (iii) technical support services, and (iv) professional services including training and implementation services.

The company recognises revenue for each of the arrangements only when persuasive evidence of an arrangement exists, ownership is transferred, revenue can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the entity. If any of these criteria are not met, revenue is deferred until all the criteria have been met. In instances where maintenance is bundled with license of software productions, such maintenance terms are typically one year.

SaaS subscription fees are combined as a single unit of accounting and are recognised rateably over the contractual terms of the subscription arrangements beginning on the date that the service is made available to customers. Perpetual license revenues are recognised at a point in time upon delivery of the right to use the license.

Technical support revenue is earned from maintenance contracts, which generally have a contractual term of 12 months and include telephone and web-based support, software updates and rights to software updates on a when-and-if-available basis. Technical support revenues are recognised pro-rateably over the contractual terms of the support period.

Professional services revenue is comprised of course fees for customer training and education, as well as implementation services billed. In all cases, the company assesses whether the service element of the arrangement is essential to the functionality of the other elements of the agreement. Professional services revenue are recognised as the services are performed.

If the contract contains multiple performance obligations that include software subscription or SaaS subscription and professional services, the company allocates the transaction price to the separate performance obligations on a relative standalone selling price basis.

The standalone selling prices of the company's services are typically estimated using a market assessment approach based on the company's overall pricing objectives taking into consideration market conditions and other factors including the number of solutions sold, client demographics and the number and types of users within the contracts

Deferred revenue represents amounts received from customers under certain license, technical support services, subscription services, and professional services arrangements for which the revenue earnings process has not been completed. These amounts relate primarily to provisions of subscriptions, technical support arrangements, and software implementations with future deliverables.

The company recognises revenue from distributors upon receipt of an order confirmation detailing the sale and end-user information. The company does not provide right of return to distributors.

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Computer equipment	-	3 years
Office equipment	-	5 years
Furniture and Fixtures	-	5 years

A formal evaluation of the useful life of assets is performed every year to determine whether the useful life estimate of a given asset class is appropriate. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost less impairment.

Financial instruments

Basic financial instruments as covered by Section 11 of FRS 102 (Section 1A) are measured at amortised cost. The company does not have any Other Financial Instruments as covered by Section 12 of FRS 102 (Section 1A).

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Foreign currencies

The company's accounting records are maintained in US dollars and accordingly the financial statements are prepared in that currency.

Transactions in other currencies are converted at the rate ruling at the date of the transaction. Current assets and liabilities are converted at the rate of exchange at the balance sheet date. Any gains or losses arising from the conversion are taken to the Statement of Comprehensive Income.

Hire purchase and leasing commitments

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

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Share based payment transactions

Employees of the company may be entitled to receive share options in the company's parent undertaking, ACL Services Ltd. There are awards of share options to staff throughout each financial year with all share options being on similar terms. Options are granted at fair value at date of award, have a ten-year expiry date, vest over four years in equal tranches and are settled by equity of the parent undertaking.

The cost of these equity settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using an appropriate pricing model. No expense is recognised for awards that do not ultimately vest.

At a balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity as a capital contribution from the parent entity.

Recharges levied by the parent undertaking in respect of share options are charged directly to equity on the basis that this represents a return of the deemed capital contribution recorded in equity in respect of the share-based payments charge.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 24 (2019 - 17) .

4. TANGIBLE FIXED ASSETS

	Plant and machinery etc \$
COST	
At 1 August 2019	244,028
Additions	28,624
Disposals	(1,798)
At 31 July 2020	<u>270,854</u>
DEPRECIATION	
At 1 August 2019	172,716
Charge for year	35,089
Eliminated on disposal	(549)
At 31 July 2020	<u>207,256</u>
NET BOOK VALUE	
At 31 July 2020	<u>63,598</u>
At 31 July 2019	<u>71,312</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020

5. **FIXED ASSET INVESTMENTS**

Shares in
group
undertakings
\$

COST

At 1 August 2019
and 31 July 2020

8,475

NET BOOK VALUE

At 31 July 2020

8,475

At 31 July 2019

8,475

The fixed asset investment relates to the company's 100% holding of the common shares in ACL France SARL. ACL France SARL is a global provider of governance, risk and compliance, audit analytics and continuous monitoring software to financial executive's compliance professionals and auditors.

6. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.7.20	31.7.19
	\$	\$
Trade debtors	1,043,231	1,620,070
Amounts owed by group undertakings	6,305	117,577
Other debtors	<u>229,272</u>	<u>281,454</u>
	<u>1,278,808</u>	<u>2,019,101</u>

7. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.7.20	31.7.19
	\$	\$
Trade creditors	20,941	98,739
Amounts owed to group undertakings	681,637	1,220,551
Taxation and social security	192,258	59,235
Other creditors & accruals	<u>5,649,569</u>	<u>5,258,713</u>
	<u>6,544,405</u>	<u>6,637,238</u>

8. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.7.20	31.7.19
	\$	\$
Other creditors	<u>418,719</u>	<u>281,532</u>

9. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.7.20	31.7.19
	\$	\$
Within one year	<u>-</u>	<u>384,989</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2020**

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.7.20 \$	31.7.19 \$
1	Ordinary	£1	<u>2</u>	<u>2</u>

11. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Amy Smith (Senior Statutory Auditor)
for and on behalf of Oury Clark Chartered Accountants

We would like to draw your attention to the following statement contained within our audit report as included within the full financial statements:-

"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 a Report of the Auditors 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."

12. CREDIT FACILITY

On November 13, 2018, the company signed as a guarantor of its parent company, ACL Services Ltd, for a revolving operating facility, totalling \$15,000,000. The actual borrowing capacity is based on the calculation of recurring revenue for the consolidated entity. Interest on the revolving operating facility is calculated at the Wall Street Journal ("WSJ") prime rate plus 0.50% per annum. On January 31, 2019, an addendum was signed to include a non-revolving loan facility of \$35,000,000. ACL Services Ltd. obtained a single advance of \$35,000,000. The interest rate on the non-revolving loan facility is based on WSJ prime rate plus 1.25% per annum. The loan is charged by certain specific intellectual property including copyrights and patents.

As at July 31, 2020, ACL Services Ltd. has drawn \$8,500,000 from the \$15,000,000 revolving operating facility. All amounts are repayable on November 13, 2021 or upon the occurrence of a change of control

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary undertaking of ACL Services Ltd, a company incorporated in the province of British Columbia, Canada. ACL Services Ltd is the ultimate parent company.

The smallest and largest consolidated financial statements in which the operations of the company are included are the financial statements of ACL Services Ltd. Copies of the ultimate parent's consolidated financial statements may be obtained from ACL Services Ltd, Suite 1500, 980 Howe Street, Vancouver, BC, Canada, V6Z 0C8.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.