

Alter Domus Agency Services (UK) Limited
Annual report and Financial Statements – for the year ended 31 December 2021

Alter Domus Agency Services (UK) Limited

Registered number 09271383

Annual report and Financial Statements

**for the year ended
31 December 2021**



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Alter Domus Agency Services (UK) Limited
Financial Statements – for the year ended 31 December 2021

Company information

Directors: Juliana Ritchie
 Matthew Molton
 Spencer Wells
 Amit Varma (appointed on 11 April 2022)
 Timothy Houghton (resigned on 12 April 2022)

Secretary: Alter Domus (UK) Limited
 18 St Swithin's Lane
 EC4N 8AD
 London
 United Kingdom

Registered office: C/O Alter Domus (UK) Limited
 18 St Swithin's Lane
 EC4N 8AD
 London
 United Kingdom

Independent auditors: PricewaterhouseCoopers LLP
 Savannah House
 3 Ocean Way
 Southampton
 SO14 3TJ
 United Kingdom

Company number: 09271383

Alter Domus Agency Services (UK) Limited

Annual report and Financial Statements – for the year ended 31 December 2021

Directors' report

The directors present their report and the audited financial statements of Alter Domus Agency Services (UK) Limited (the "Company") for the year ended 31 December 2021.

Principal activities, review of the business and future developments

The principal activities of the Company are acting as a provider of financial services to clients in the UK and Europe, including third party and outsourced services to investment managers and commercial lenders.

The Company is regulated by the Financial Conduct Authority (FCA) and has a registered number of 679331. The Company is a wholly owned subsidiary of the Alter Domus Group (the "Group") headed up by Alter Domus Global S.à r.l.

The directors consider the results for the year to be satisfactory. The nature of the Company's results and activities is not expected to change materially in future years.

Results for the year

The Company's profit for the financial year of £176,769 (2020: profit £325,328). No dividends were paid or proposed during the year (2020: £nil).

At the reporting date, the Company had a net asset value of £820,682 (2020: £643,913).

Directors and their interests

The directors of the Company, who were in office during the year and up to the date of signing the financial statements, were:

J Ritchie

M Molton

S Wells

A Varma (appointed on 11 April 2022)

T. Houghton (resigned on 12 April 2022)

None of the directors have any beneficial interest in the ordinary share capital of the Company. None of the directors had any interest either during or at the end of the year in any material contract or arrangement with the Company.

Subsequent events

At the date of this report, the directors are not aware of any other matters or circumstances which have arisen that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the year subsequent to 31 December 2021 not otherwise disclosed in this report.

Financial risk management

The Company has no external borrowings and the directors therefore believe the Company is not exposed to significant interest rate risk.

The cash position of the Company is monitored continually, and funds are remitted by group companies to ensure that the Company has adequate resources to cover its operational requirements.

The Company have accounts receivable balances with both external customers and other Group entities. In the case of other Group entities, given these are under common control the exposure to credit risk is considered to be relatively low. With external customers exposure is monitored. Where debts are not expected to be recoverable provisions will be made and action taken with the customer to mitigate further losses by agreeing revised payment terms or ceasing services.

The functional and presentation currency of the Company is GBP ("£") and there are transactions in EUR ("€") and USD ("\$"). It is not the Company's policy to hedge such foreign exchange exposures.

Alter Domus Agency Services (UK) Limited

Annual report and Financial Statements – for the year ended 31 December 2021

Directors' report - continued

Directors' and officers' liability insurance and indemnity agreement

The Company purchased insurance to cover directors' and officers' liability as permitted by applicable Law. As well as having Professional Indemnity Insurance in place throughout the year and up to the date of this report.

Going concern

In preparing the Company's 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 intends to liquidate the Company to cease operations, or have no realistic alternative but to do so.

The directors have assessed the position of the Company and its forecast profitability and cash position and are comfortable that this, combined with the continued financial support from Alter Domus Participations S.à r.l., which has been confirmed as in place until at least 30 June 2023, will allow the Company to continue as a going concern for at least 12 months from the date of this report. Accordingly, the directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis.

Furthermore, the directors have considered within their assessment the COVID pandemic and the current situation between Russia and the Ukraine. Given that Covid-19 did not materially weaken the financial position of the Company in 2020 and 2021 when the pandemic and restrictions were at their peak, and the Company do not have any operations or customers based in Russia or the Ukraine, neither of these external factors are expected to pose a significant threat to the Company's ability to continue as a going concern.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

Alter Domus Agency Services (UK) Limited

Annual report and Financial Statements – for the year ended 31 December 2021

Directors' report - continued

Statement of directors' responsibilities in respect of the financial statements - continued

Directors' confirmations

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office. The directors shall propose a resolution to reappoint them (under section 487 (2) of the Companies Act) subsequent to the year end.

The Company has taken advantage of the small company exemption (under section 414A (2) of the Companies Act) from preparing a Strategic Report.

For and on behalf of the board



.....
Matthew Molton
Director
27 April 2022

Independent auditors' report to the members of Alter Domus Agency Services (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Alter Domus Agency Services (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2021; the Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Independent auditors' report to the members of Alter Domus Agency Services (UK) Limited - continued

Reporting on other information - continued

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Financial Conduct Authority (FCA) and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussion with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Challenging assumptions and judgements made by the management in their significant accounting estimates and judgements and agreement to supporting or corroborative evidence where available.
- Identifying and testing unusual journal entries posted; such as those with unexpected account combinations.
- Reading key correspondence with regulatory authorities, such as the FCA.

Independent auditors' report to the members of Alter Domus Agency Services (UK) Limited - continued

Auditors' responsibilities for the audit of the financial statements - continued

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Sophie Murton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
27 April 2022

Alter Domus Agency Services (UK) Limited

Annual report and Financial Statements – for the year ended 31 December 2021

Statement of comprehensive income

For the year ended 31 December 2021

	Note	31 December 2021 £	31 December 2020 £
Revenue from contracts with customers	2	703,941	815,129
Administrative expenses		(550,963)	(513,433)
Other operating expense	3	(11,734)	-
Operating profit	4	141,244	301,696
Interest receivable and similar income		16,748	23,632
Profit before tax		157,992	325,328
Tax on profit	6	18,777	-
Profit for the financial year		176,769	325,328
Net comprehensive income for the year		176,769	325,328

There is no other comprehensive income or expense apart from those disclosed above (2020: nil) and consequently a statement of other comprehensive income has not been prepared. The results above are all in respect of continuing operations.

The accompanying notes on pages 12 to 20 are an integral part of these financial statements.

Alter Domus Agency Services (UK) Limited
Annual report and Financial Statements – for the year ended 31 December 2021

Statement of financial position

As at 31 December 2021

	Note	As at 31 December 2021 £	As at 31 December 2020 £
Current assets			
Trade and other receivables	7	2,390,948	2,151,223
Cash and cash equivalents	8	<u>877,527</u>	<u>498,808</u>
		3,268,475	2,650,031
Current liabilities			
Creditors: amounts falling due within one year	9	<u>(2,447,793)</u>	<u>(2,006,118)</u>
Net assets		820,682	643,913
Shareholders' equity			
Share capital	10	217,000	217,000
Retained earnings	11	<u>603,682</u>	<u>426,913</u>
Total shareholders' equity		<u>820,682</u>	<u>643,913</u>

The accompanying notes on pages 12 to 20 are an integral part of these financial statements.

The financial statements are approved and authorised for issue by the board of directors on 27 April 2022 and signed on its behalf by:



.....
Matthew Molton
Director
27 April 2022

Registered number 09271383

Alter Domus Agency Services (UK) Limited

Annual report and Financial Statements – for the year ended 31 December 2021

Statement of changes in equity

For the year ended 31 December 2021

	Share capital £	Retained earnings £	Total equity £
At 1 January 2020	217,000	101,585	318,585
Net comprehensive income for the year	-	325,328	325,328
At 31 December 2020	217,000	426,913	643,913

	Share capital £	Retained earnings £	Total equity £
At 1 January 2021	217,000	426,913	643,913
Net comprehensive income for the year	-	176,769	176,769
At 31 December 2021	217,000	603,682	820,682

The accompanying notes on pages 12 to 20 are an integral part of these financial statements.

Alter Domus Agency Services (UK) Limited

Annual report and Financial Statements – for the year ended 31 December 2021

Statement of cash flows

For the year ended 31 December 2021

	Note	2021 £	2020 £
Cash inflow/(outflow) from operating activities			
Profit before tax for the financial year		157,992	325,328
Tax on profit		18,777	-
Adjustment for:			
Increase in debtors	7	(239,725)	(207,212)
Increase/(decrease) in creditors	9	<u>441,675</u>	<u>(259,575)</u>
Net cash generated from/(used in) operating activities		378,719	(141,459)
Cash and cash equivalents as at 1 January		<u>498,808</u>	<u>640,267</u>
Cash and cash equivalents as at 31 December	8	<u>877,527</u>	<u>498,808</u>

The accompanying notes on pages 12 to 20 are an integral part of these financial statements.

Alter Domus Agency Services (UK) Limited
Annual report and Financial Statements – for the year ended 31 December 2021

Notes to the financial statements for the year ended 31 December 2021

1. Accounting policies

1.1 Statements of compliance – basis of preparation

Alter Domus Agency Services (UK) Limited (The "Company") is a private company limited by shares incorporated and domiciled in the United Kingdom and registered in England and Wales. The registered office is C/O Alter Domus (UK) Limited, 18 St. Swithin's Lane, London, EC4N 8AD.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The financial statements of the Company have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The financial statements have been presented on a going concern basis under the historical cost convention.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years ended 31 December 2020 and 31 December 2021.

The financial statements are prepared in GBP ("£"), which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements were authorised for issue by the Board of Directors on 27 April 2022.

Changes in accounting policies

No issued standards, amendments and interpretations have been adopted for the first time for the financial year ended 31 December 2021.

Forthcoming requirements:

As at 31 December 2021, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2021. These are not yet effective and have not been early adopted.

Standard/ Interpretation	Effective date
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
Annual Improvements to IFRS Standards 2018-2022	1 January 2022
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	Unconfirmed

Alter Domus Agency Services (UK) Limited
Annual report and Financial Statements – for the year ended 31 December 2021

Notes to the financial statements for the year ended 31 December 2021 - continued

1. Accounting policies - continued

1.2 Foreign currency transactions

The financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purposes of the financial statements, the results and financial position of the Company are expressed in GBP ("£"), which is the functional currency of the Company.

In preparing the financial statements, transactions expressed in currencies other than the functional currency (foreign currencies) are translated at rates of exchange approximating to those ruling at the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at rates ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the profit or loss before tax for the year.

1.3 Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, management has made estimates and judgements that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates, judgments and underlying assumptions are reviewed on an ongoing basis. Revisions to 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 prospectively.

The directors have considered the estimates and judgements made within the financial statements including depreciation and amortisation, impairment and tax and note that there are none for which, a reasonably expected movement in the next 12 months would result in a material impact on the financial statements. Consequently, *no critical estimates and judgements have been identified.*

1.4 Revenue recognition

The Company earns revenue by the provision of financial services to its clients. Under IFRS 15, revenue is recognised over time as the services are provided. Services invoiced in advance are treated as deferred income and income is accrued where services have been provided but not yet invoiced.

1.5 Taxation

The tax credit or expense represents current tax refund / expense. The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and 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 the applicable rate for the year in which the taxable profits are earned.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on a non-discounted basis. Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Alter Domus Agency Services (UK) Limited
Annual report and Financial Statements – for the year ended 31 December 2021

Notes to the financial statements for the year ended 31 December 2021 - continued

1. Accounting policies - continued

1.6 Financial instruments

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

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and liabilities are described below.

Classification and subsequent measurement of financial assets

The Company's financial assets include trade and other receivables.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include trade and other payables and are measured subsequently at amortised cost using the effective interest method.

Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred and does not retain control of the financial asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Impairment of financial assets

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

The Company makes use of a simplified approach in accounting for receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Company assessed the credit risk with respect to amounts owed by related parties. Management considers the related parties to be of low credit risk and also taking into account the letter of support provided by the ultimate shareholders of the Group, the expected credit loss is deemed not material to the Company.

Offsetting financial instruments

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

Alter Domus Agency Services (UK) Limited

Annual report and Financial Statements – for the year ended 31 December 2021

Notes to the financial statements for the year ended 31 December 2021 - continued

1. Accounting policies - continued

1.6 Financial instruments (continued)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value of financial instruments that are actively traded in active markets at each reporting date is determined by reference to quoted market prices or dealer quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

1.7 Going concern

In preparing the Company's 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 intends to liquidate the Company to cease operations, or have no realistic alternative but to do so.

The directors have assessed the position of the Company and its forecast profitability and cash position and are comfortable that this, combined with the continued financial support from Alter Domus Participations S.à r.l., which has been confirmed as in place until at least 30 June 2023, will allow the Company to continue as a going concern for at least 12 months from the date of this report. Accordingly, the directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis.

Furthermore, the directors have considered within their assessment the COVID pandemic and the current situation between Russia and the Ukraine. Given that Covid-19 did not materially weaken the financial position of the Company in 2020 and 2021 when the pandemic and restrictions were at their peak, and the Company do not have any operations or customers based in Russia or the Ukraine, neither of these external factors are expected to pose a significant threat to the Company's ability to continue as a going concern.

Alter Domus Agency Services (UK) Limited

Annual report and Financial Statements – for the year ended 31 December 2021

Notes to the financial statements for the year ended 31 December 2021 - continued**2. Revenue**

	2021	2020
	£	£
Revenue from rendering services	703,941	815,129

All revenue originates in the UK.

3. Other operating expense

Other operating expenses comprise of expenses relating to recharges received from Alter Domus Participations S.à r.l. in relation to intercompany overhead recharges under the Group Transfer Pricing policy.

4. Operating profit

Operating profit is stated after charging	2021	2020
	£	£
Staff costs (Note 5)	322,501	346,822
Net foreign exchange losses	15,465	9,508
Fees payable to the statutory auditors of the Company:		
Audit of the financial statements	16,973	20,000
Audit-related assurance services	5,882	60,000
Total fees payable to the statutory auditors of the Company:	22,855	80,000

5. Employees and Directors

The average number of persons employed by the parent company during the year was 21 (2020: 18). Their remuneration comprised:

	2021	2020
	£	£
Wages and salaries	290,127	305,589
Social securities costs	32,374	41,233
Total	322,501	346,822

The employees are employed by the parent company, Alter Domus DCM (UK) Limited. The disclosures above relate to amounts paid by Alter Domus DCM (UK) Limited and recharged to the Company.

Directors' remuneration

Directors are employed and remunerated by other Group entities and no amounts are recharged to the Company. The Directors' duties are considered incidental to the rest of their services to the Group and as such no apportionment of their remuneration has been reflected within these financial statements including with the staff costs above.

Alter Domus Agency Services (UK) Limited

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Notes to the financial statements for the year ended 31 December 2021 - continued**6. Tax on profit****a. Tax on profit**

	2021	2020
	£	£
UK corporation tax credit	18,777	-
Deferred taxation	-	-
Tax for the year	<u>18,777</u>	<u>-</u>

b. Factors affecting the income tax for the year

The tax assessed for the year is lower (2020: lower) than the standard effective rate of corporation tax. The differences are explained below:

	2021	2020
	£	£
Profit before taxation	<u>157,992</u>	<u>325,328</u>
Expected tax charge at 19% (2020: 19%)	26,051	61,813
<i>Effects of:</i>		
Tax refund	18,777	
Group relief received for nil consideration	<u>(26,051)</u>	<u>(61,813)</u>
Tax credit	<u>18,777</u>	<u>-</u>

In the Spring budget 2021, the government announced that from 1 April 2023, the corporate tax will increase to 25%. As of 31 December 2021, the proposal to increase the rate to 25% had been substantively enacted and therefore has been considered in the financial statements.

As of 31 December 2021, there is no deferred tax recognised or unrecognised. (2020: nil)

7. Trade and other receivables

	2021	2020
	£	£
Trade debtors	121,112	122,384
Amounts owed by group undertakings	2,266,526	2,025,999
Accrued income	<u>3,310</u>	<u>2,840</u>
	<u>2,390,948</u>	<u>2,151,223</u>

Trade debtors includes £18,765 (2020: £1,764) falling due after more than one year. Trade debtors are stated after provisions for impairment of £5,880 (2020: £8,764).

Amounts owed by group undertakings are interest free, repayable on demand and unsecured.

Alter Domus Agency Services (UK) Limited

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Notes to the financial statements for the year ended 31 December 2021 - continued**8. Cash and cash equivalents**

	2021	2020
	£	£
Cash and cash equivalents	877,527	498,808

Cash and cash equivalents represent cash held in bank deposits with maturity of three months or less.

9. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade and other payables	52,206	75,305
Amounts owed to group undertakings	2,030,361	1,719,701
Accruals and deferred income	365,226	211,112
	<u>2,447,793</u>	<u>2,006,118</u>

Amounts owed to group undertakings are interest free, repayable on demand and unsecured.

10. Share capital

	2021 Number	2021 £	2020 Number	2020 £
Allotted, issued and fully paid: Ordinary shares of £1 each	217,000	217,000	217,000	217,000

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

The Company maintains sufficient share capital in order to provide the necessary cash and other funding requirements for the day to day running of the business.

11. Retained earnings

Retained earnings represent the cumulative profit and loss net of distributions to owners.

12. Financial instruments

	2021	2020
	£	£
Trade and other receivables*	2,387,638	2,148,383
Cash and cash equivalents	877,527	498,808
Trade and other payables**	(2,082,567)	(1,795,006)
	<u>1,182,598</u>	<u>852,185</u>

*this excludes accrued income.

**this excludes accrued expenses and deferred income.

The financial liabilities all mature within 12 months and carry no interest.

Alter Domus Agency Services (UK) Limited

Annual report and Financial Statements – for the year ended 31 December 2021

Notes to the financial statements for the year ended 31 December 2021 - continued**12. Financial instruments - continued**

The principal risks arising from the Company's use of financial instruments are summarised below:

- **Foreign Exchange Risk** – arising from administrative and other expenses and remittance of funds in currencies other than the functional currency (GBP), principally US Dollars (\$) and Euro (€). It is not the Company's policy to hedge such foreign exchange exposures and therefore the Company is exposed to exchange rate movements.

At the reporting date, all of the Company's financial assets and liabilities were in GBP except for bank and receivable balance of €261,207 (2020: €170,852) and \$84,258 (2020: \$45,563). The following table illustrates the impact in the profit and loss for the period in a reasonable change in currency exchange rates.

	31 December 2021	31 December 2020
	£	£
+10%	(25,636)	(16,998)
-10%	31,333	20,776

- **Liquidity Risk** – The cash position of the Company is monitored continually, and funds remitted by group companies to ensure that the Company has adequate resources to cover its operational requirements.
- **Credit Risk** – The risk of financial loss to the Company of a customer or counterparty to a financial instrument failing to meet its contractual obligation. This mainly arises from the Company's receivables from customers. No impairment losses have been recognised on receivables from customers.
- On 24 February 2022, Russian troops started military action in Ukraine. The ongoing military act has led and continues to lead, to dislocation of the population, damage to the infrastructure and disruption to economic activities in Ukraine. In response, multiple jurisdictions, including the UK, EU, the US, Japan and Australia have imposed initial tranches of economic sanctions on Russia. In addition to the imposition of sanctions, a growing number of large public, and private companies have announced voluntary actions to curtail business activities with Russia. Alter Domus continues to perform internal control procedures and has strengthened its activities in respect of client monitoring and cash transaction oversight. The onboarding of new clients and investors linked to Russia is prohibited at multiple levels. At the current time no material impact is expected on the Company's trading performance as a result of the conflict.

13. Related party transactions

At 31 December 2021, the Company owed £2,266,526 (2020: £2,025,999) to Alter Domus DCM (UK) Limited, Alter Domus Financial Services Limited, Alter Domus Trustee Limited, Alter Domus UK Ltd, and Alter Domus Participations S.a.r.l.

At 31 December 2021, the Company was owed £2,030,361 (2020: £1,719,701) by Alter Domus DCM (UK) Limited, Alter Domus Financial Services Limited, Alter Domus Trustees Limited, and Alter Domus UK Ltd.

During the year, the intercompany recharges received from other group companies totalling £429,276 (2020: £374,653).

The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the year 2021, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (2020: nil).

Alter Domus Agency Services (UK) Limited

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14. Controlling parties

The immediate parent is Alter Domus DCM (UK) Limited, a company incorporated in the United Kingdom, and the ultimate parent company was Alter Domus Inc., a company incorporated in the United States of America. Its registered office is 1460 Broadway, New York, NY 10036, USA.

The group headed by Alter Domus Participations S.à.r.l. is the largest and smallest group which prepares consolidated financial statements which include the results of the Company. Copies of the Alter Domus Global S.à r.l consolidated financial statements can be obtained from 15 Boulevard F.W. Raiffeisen, L-2411 Luxembourg.

15. Subsequent events

At the date authorisation of these financial statements, the directors are not aware of any other matters or circumstances which have arisen that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the year subsequent to 31 December 2021 not otherwise.