

Company Registration No. 04548431

ACA COMPLIANCE (EUROPE) LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2021

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ACA Compliance (Europe) Limited

Annual Report and Financial Statements For the year ended 31 December 2021

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ACA Compliance (Europe) Limited

Annual Report and Financial Statements For the year ended 31 December 2021

Officers and professional advisers

Directors

A Palmer

S Shah

R G Weekes

D Metzger (resigned 26th May 2022)

Registered Office

130 Jermyn Street

London

SW1Y 4UR

ACA Compliance (Europe) Limited

Annual Report and Financial Statements For the year ended 31 December 2021

Directors' report

The directors present the Annual Report and Financial Statements for year ended 31 December 2021.

Results and dividend

The profit for the year amounted to £375,097 (2020: loss of £10,959). The directors do not propose the payment of a dividend (2020: £Nil).

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements.

Directors

The directors who served to the date of this report except as noted, were as follows:

A Palmer
S Shah
R G Weekes
N Karhade (appointed 27th May 2022)
D Metzger (resigned 26th May 2022)

Statement of directors' responsibilities

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

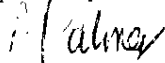
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard 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 group and parent Company and of their profit or loss for that year. In preparing each of the group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 group and the parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Approved by the directors and signed on their behalf by:



A K Palmer
Director
28 September 2022

ACA Compliance (Europe) Limited

Annual Report and Financial Statements For the year ended 31 December 2021

Strategic report

Principal activities

The principal activity of the company during the period under review continued to be the provision of regulatory compliance services to wholesale clients in the finance sector.

Key performance indicators

The key financial highlights, as set out in the financial statements are as follows:

	Year to 31 December 2021	Year to 31 December 2020
	£	£
Turnover	11,695,711	8,615,962
(Loss)/Profit for the year	375,097	(10,959)
Shareholders' funds	3,088,906	2,615,938

Principal risks and uncertainties

The Company is part of a wider trading group headed in the EEA by Columbo Topco Limited (the "Group"). The Company is supported by the Group.

The Company has little exposure to currency risks. The directors do not consider credit risk exposure to be significant to the business due to having long-term existing relationships with many customers and monitoring levels of debtors on a regular basis. This is mitigated by ensuring depth and breadth amongst the customer base and by maintaining good communication and relationships with key customers, and loss of key personnel which is managed by close team working, good communication and appropriate remuneration as well as key-man insurance where appropriate.

Going concern

The Company is part of a Group which holds sufficient levels of cash balances to meet all its day-to-day working capital requirements. The directors have a solid expectation that the Company, supported by the Columbo Topco Limited Group, has adequate resources and support to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks.

Cash flow risk

The Company, as a result of being part of the Group, generates sufficient cash flow to meet future operating requirements.

ACA Compliance (Europe) Limited

Annual Report and Financial Statements For the year ended 31 December 2021

Strategic report (continued)

Credit risk

The Company's principal financial assets are cash balances plus trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The Company defines strict customer credit levels, and these have proved to be effective during the year. Although these are working well, there is still a small risk from historical bad debts. However, the Company is of sufficient financial standing to be able to continue to operate should some debts become uncollectible. The Company has good ongoing levels of activity where invoices are paid within 30 days.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Market risk

There are current uncertainties in the global economy related to the COVID-19 outbreak that emerged since early 2020 and the War in Ukraine in 2022, which has led to increased market volatility. The directors have considered the uncertainties and impact on the business in the going concern accounting policy.

Approved by the directors and signed on their behalf by:



A K Palmer
Director
28 September 2022

ACA Compliance (Europe) Limited

Profit and loss account and other comprehensive income For the year ended 31 December 2021

		Year ended 31 December 2021	Year ended 31 December 2020
	Notes	£	£
Turnover	2	11,695,711	8,615,962
Administrative expenses		(11,294,941)	(8,710,827)
Other operating income		-	-
Operating (loss)/profit		400,770	(94,865)
Interest receivable and similar charges	3	-	-
Finance payable and similar charges	3	-	-
(Loss)/Profit on ordinary activities before taxation		400,770	(94,865)
Tax (credit)/charge on (loss)/profit on ordinary activities	7	(25,673)	83,906
(Loss)/Profit for the financial year and total comprehensive income for the year		375,097	(10,959)

The notes on pages 8 to 16 are an integral part of these financial statements.

ACA Compliance (Europe) Limited

Balance sheet

At 31 December 2021

		Year ended 31 December 2021	Year ended 31 December 2020
	Notes	£	£
Fixed Assets			
Tangible Assets	8	194,378	315,866
Other assets		5,532	
		<u>199,910</u>	<u>315,866</u>
Current Assets			
Debtors - due within one year	9	14,823,791	9,647,842
Cash at bank and in hand		2,562,273	1,522,231
		<u>17,386,064</u>	<u>11,170,073</u>
Creditors: amounts falling due within one year	10	<u>(14,458,014)</u>	<u>(8,830,947)</u>
Net current assets		<u>2,928,050</u>	<u>2,339,126</u>
Provisions for liabilities	11	<u>(39,054)</u>	<u>(39,054)</u>
Net assets		<u><u>3,088,906</u></u>	<u><u>2,615,938</u></u>
Capital and reserves			
Called up share capital	12	1,000	1,000
Other reserves	13	712,442	614,571
Profit and loss account		2,375,464	2,000,367
Shareholders' funds		<u><u>3,088,906</u></u>	<u><u>2,615,938</u></u>

The notes on pages 8 to 16 are an integral part of these financial statements.

For the year ending 31 December 2021, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of ACA Compliance (Europe) Limited (registered number 04548431) were approved by the directors and authorised for issue on 28 September 2022. They were signed on their behalf by:



A K Palmer
Director

ACA Compliance (Europe) Limited

Statement of changes in equity For the year ended 31 December 2021

	Called up share capital	Profit and loss account	Other reserves	Total equity
	£	£	£	£
Balance as at 01 January 2020	1,000	2,011,326	507,358	2,519,684
Loss for the year	-	(10,959)		(10,959)
Shares allotted	-	-	107,213	107,213
Balance as at 31 December 2020	1,000	2,000,367	614,571	2,615,938
Balance as at 01 January 2021	1,000	2,000,367	614,571	2,615,938
Profit for the year	-	375,097		375,097
Shares allotted	-	-	97,871	97,871
Balance as at 31 December 2021	1,000	2,375,464	712,442	3,088,906

The notes on pages 8 to 16 are an integral part of these financial statements.

ACA Compliance (Europe) Limited

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

1. Accounting policies

General information

ACA Compliance (Europe) Limited is a private company limited by shares and is incorporated and domiciled in England. The company's registered office is at 130 Jermyn Street, London SW1Y 4UR. The Company's principal activity is stated in the Strategic Report.

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

These financial statements were prepared in accordance with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1.

Basis of preparation of financial statements

The financial statements are prepared on the going concern basis, under the historical cost convention, except for derivative financial instruments classified at fair value through the profit and loss, and in accordance with applicable United Kingdom law and accounting standards.

The Company has taken advantage of the exemptions available within FRS102 (paragraph 1.12b and paragraph 33.1A) not to prepare a cash flow statement and not to disclose transactions entered into between two or more members of the Group, on the basis that all subsidiary undertakings party to the transactions are wholly owned by a member of the Group, whose financial statements are publicly available.

The company is exempt from the requirement to prepare group accounts as it is itself a wholly-owned subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State.

Going concern

The Company is part of a Group which meets its day-to-day working capital requirements through its current cash balances and agreed banking facilities. The Group's forecasts and projections are completed after taking into account possible changes in trading performance and current economic uncertainty. They show that the Group should be able to operate within the level of its current cash balances and agreed banking facilities.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources and support to meet all future obligations and to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the annual report and accounts.

In coming to this conclusion, the members have considered the current Coronavirus pandemic and the Group's place in the market and its ability to grow the business.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the Company's accounting policies

The company makes a number of assessments which require judgement in preparing the accounts and can have a significant effect upon the financial statements. However due to the straight forward nature of the company's business, management does not believe that there are any judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

ACA Compliance (Europe) Limited

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

Key accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates may by definition, differ from actual results. However due to the straight forward nature of the company's business, management does not believe that there are any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency (Sterling) at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Turnover

Turnover represents net invoiced sales of services, excluding value added tax. Revenue is recognised when the actual service is carried out where appropriate or when the income becomes contractually receivable. Where the provision of services is ahead of billing, the amounts are recorded as accrued income. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income. All revenue is derived from one class of business and supplied to one geographical segment, the United Kingdom.

Expenses

Interest receivable and interest payable

Interest payable and similar charges include interest payable and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income includes net foreign exchange gains

Interest income and interest payable are recognised in profit or loss as they accrue. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Employee Benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Pension Costs

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period.

Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

Tax on the profit or loss for the year comprises only current tax as there was no deferred tax during the year. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

ACA Compliance (Europe) Limited

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

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.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

Fixtures, fittings, tools and equipment	3 years
Computers	3 years
Leasehold improvements	10 years or the period remaining on the lease if shorter

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Basic financial instruments

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest bearing borrowings classified as financial instruments

Interest-bearing borrowings include bank loans, overdrafts and loan notes. They are initially recognised at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

ACA Compliance (Europe) Limited

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

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant determined by an independent firm of valuation experts. The fair value of the awards was estimated on the date of grant using both market and income-based models. The fair value at the date of grant is expensed on a straight-line basis over the vesting period, based on the estimate of units that will eventually vest. The vesting period varies between four and five years. A corresponding adjustment is made to equity. Unvested awards following cancellation or settlement (including those resulting from employee redundancies) are cancelled.

SIH ACA Topco L.P., an affiliated company in the ACA Group issued equity – based awards for Class A and Class B units. The Class A units are subject to a five-year time vesting schedule while the Class B units are subject to both a four-year time vesting schedule and performance-based vesting criteria as set forth in the applicable grant agreement.

2. Turnover and segment information

An analysis of the company's turnover is as follows:

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
By activity:		
Provision of consulting and advisory services	<u>11,695,711</u>	<u>8,615,962</u>
By geographical market:		
United Kingdom	11,139,980	8,602,553
Rest of the world	555,731	13,409
	<u>11,695,711</u>	<u>8,615,962</u>

3 Interest receivable / (payable) and similar charges

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Interest receivable and similar income	-	-
Interest payable and similar charges	-	-

ACA Compliance (Europe) Limited

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

4. Expenses and auditors' remuneration

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
Auditors' remuneration	-	-
	<u>-</u>	<u>-</u>

The group audit fees for 2021 were recognised wholly in the Group's financials.

5. Staff costs

The average monthly number of employees (including executive directors) was:

	Year ended 31 December 2021	Year ended 31 December 2020
	Number	Number
Operations and administration	56	53
	<u>56</u>	<u>53</u>

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
Wages and salaries	6,670,663	4,697,628
Social security costs	869,466	600,781
Other pension costs	378,017	208,837
	<u>7,918,146</u>	<u>5,507,246</u>

6. Directors' remuneration

Details of the directors' remuneration are set out in the consolidated statutory accounts of Columbo Topco Limited.

ACA Compliance (Europe) Limited

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

7. Tax on profit on ordinary activities

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
<i>Current tax:</i>		
Current tax on income for the year	25,673	-
Adjustments in respect of prior period	(3,377)	(83,906)
Total current tax	22,296	(83,906)
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(22,211)	-
Total tax (credit)/charge	86	(83,906)

All tax charges are recognised in the profit and loss for the year.

Reconciliation of effective tax rate

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Profit on ordinary activities before tax UK corporation tax	400,770	(94,865)
Total tax (credit)/charge	25,673	(83,906)
Tax (credit)/charge using the UK corporate tax rate of 19.00% (2021: 19.00%)	76,146	(18,024)
Adjustments in respect of prior years	(3,377)	(83,906)
Expenses not deductible for tax purposes	2,690	20,370
Other tax adjustments	(49,786)	(2,346)
Total tax (credit)/expense included in profit or loss account	25,673	(83,906)

ACA Compliance (Europe) Limited

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

8. Tangible fixed assets

	Computer equipment	Fixtures, fittings	Leasehold improvements	Total
	£	£	£	£
Cost				
As at 31 December 2020	108,501	216,307	370,078	694,886
Additions	-	-	-	-
Disposals	-	1,466	-	1,466
Adjustments	(19,997)	(89,902)	-	(109,899)
As at 31 December 2021	<u>88,504</u>	<u>127,871</u>	<u>370,078</u>	<u>586,453</u>
Accumulated depreciation				
As at 31 December 2020	(80,700)	(149,929)	(148,391)	(390,020)
Charge for the period	(24,402)	(24,536)	(74,016)	(122,954)
Disposals	19,997	89,902	-	109,899
Adjustments	-	-	-	-
As at 31 December 2021	<u>(85,106)</u>	<u>(84,563)</u>	<u>(222,406)</u>	<u>(392,075)</u>
Net book value				
As at 31 December 2020	27,801	66,378	221,687	315,866
As at 31 December 2021	<u>3,398</u>	<u>43,308</u>	<u>147,672</u>	<u>194,378</u>

9. Debtors

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
Amounts due within one year		
Trade receivables	2,110,504	1,151,162
Corporation tax recoverable	190,000	190,000
Amounts owed by group undertakings	11,523,526	7,447,362
Other receivables	67	5,846
Prepayments and accrued income	999,694	853,472
	<u>14,823,791</u>	<u>9,647,842</u>

ACA Compliance (Europe) Limited

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

10. Creditors: amounts falling due within one year

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
Amounts falling due within one year		
Trade creditors	134,782	426,789
Amounts owed to group undertakings	9,777,122	5,750,446
Other taxation and social security	845,838	839,902
Other creditors and accruals	1,643,768	1,124,022
Accruals and deferred income	2,056,504	689,788
	14,458,014	8,830,947

Included within other creditors is a pension accrual of £48,814 (2020: £40,680).

11. Provisions

	Year ended 31 December 2021	Year ended 31 December 2020
	£	£
Deferred tax liabilities	39,054	39,054
	39,054	39,054

12. Called up share capital

	December 2021		December 2020	
	£		£	
Called up share capital	1,000		1,000	
	December 2021		December 2020	
	No.	£	No.	£
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

The shares are classified as equity. The ordinary shares carry voting rights of one vote per share and they were issued, allotted and fully paid on 31 December 2021.

ACA Compliance (Europe) Limited

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

13. Other reserves

ACA Topco L.P., an affiliated company in the wider ACA Group, awarded equity units to certain employees of the Company. Details of the arrangement have been disclosed in the consolidated accounts of Columbo Topco Limited, in which the results and balances of the company have been included.

14. Operating lease commitments

As at 31 December 2021, future minimum lease payments under non-cancellable operating leases were as follows:

	Year ended 31 December 2021 £	Year ended 31 December 2020 £
Expiry date:		
Within one year	414,948	496,155
Later than one year and not later than five years	-	1,439,189
	<u>414,948</u>	<u>1,935,344</u>

The Group decided to exercise the break notice on the London office lease which will terminate in October 2022

During the year, £433,723 was recognised as an expense in the profit and loss account in respect of operating leases (2020: £496,155).

15. Controlling party and related party transactions

The immediate parent company is Columbo Topco Limited.

As at 31 December 2021, the ultimate parent undertaking was Starr Investment Holdings LLC by virtue of its indirect interest in Columbo Topco Limited. The company's financial statements are consolidated into these financial statements due to it being the highest-level undertaking established in the EEA. Columbo Topco Limited is registered at 130 Jermyn Street, London, SW1Y 4UR.

Columbo Topco Limited's financial statements are also consolidated into ACA Corporate Holdings Inc, which are the largest set of financial statements in which the company is consolidated. Both Starr Investment Holdings LLC and ACA Corporate Holdings Inc are incorporated in the USA.

The Company has taken exemption from disclosing related party transactions with other wholly-owned members of the Group in accordance with FRS102 paragraph 33.1A; and from disclosing the total remuneration in respect of key management personnel in accordance with FRS102 paragraph 1.12E.

16. Subsequent Events

On 16 November 2021, the SIH ACA Topco, L.P majority investors entered into an agreement to merge ACA Intermediate Co 1, LLC, a Delaware limited liability company ("Intermediate Co 1"), with and into an entity affiliated with GC Mountaintop Acquisition Corp. (Genstar) and Foreside Distributors, LLC (Foreside). The merger closed in May 2022 with Genstar Capital being the ultimate parent.