

Registered number: 05946900

TOPAZ FINANCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

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TOPAZ FINANCE LIMITED

COMPANY INFORMATION

Directors	A Jones P Ali R Banks T Franklin N Oldfield
Company secretary	J Dolbear (resigned 23/07/2021), L K Botha (appointed 22/07/2021)
Registered number	05946900
Registered office	The Pavilions Bridgwater Road Bristol BS13 8AE
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 2 Glass Wharf Bristol BS2 0FR

TOPAZ FINANCE LIMITED

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TOPAZ FINANCE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021

Introduction

Topaz Finance Limited ("Topaz") is a leading provider of legal title and associated mortgage services to the financial services industry.

Topaz forms part of the Loan Services division within the Computershare Group – Computershare Loan Services ("CLS"). CLS is the market leader in the UK third party mortgage administration services market, with more than 30 years' experience of working with some of the world's largest financial institutions.

Business review

The directors of Topaz report a decrease in profitability from an operating profit of £5,453 thousand for the year ended 30 June 2020 to an operating profit of £1,614 thousand for the year ended 30 June 2021. The decline in financial performance reflects the fall in Assets Under Management to £15.9bn compared to £17.7bn as at 30 June 2020 together with an increase in Administrative expenses due to increased support recharges from other CLS entities. Topaz has continued to provide support to customers in arrears through the COVID-19 pandemic which has contributed to revenue increasing from £37,318 thousand in the prior year to £39,219 thousand.

The year to 30 June 2021 saw some key developments in the market including:

- The impact of the COVID-19 pandemic on mortgage customers with clients requiring increased support including offering payment holidays.
- After a steep fall in UK gross mortgage advances at the end of last financial year and into the first half of the current year volumes have returned to pre pandemic levels in the second half of the year.
- Challenger banks continuing to struggle to build market share.

Total costs have risen by 18% reflecting an increase in costs to support customers in arrears and in Administrative expenses due to increased support recharges from other CLS entities as outlined above. Topaz's management team has sought to limit the increase in costs as part of the CLS UK Cost Out programme with the integration of key functions with other companies within the CLS division as well as achieving synergies due to its position within the Computershare Group.

The business currently operates from Skipton, Crossflatts, Doxford and Derry. As part of the review of future property requirements a decision was made during the year to consolidate the two Yorkshire sites into Skipton and vacate Crossflatts. Topaz is recharged for occupancy of the sites by other Computershare Group companies.

Topaz continues to strive to grow organically through the Zephyr end to end mortgage servicing activity as well as seeking new legal title opportunities to offset the natural decline in the Assets Under Management with existing clients.

TOPAZ FINANCE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

Principal risks and uncertainties

Regulatory environment

The regulatory environment in which Topaz operates continues to be challenging and Topaz has systems and controls in place to ensure it effectively manages its regulatory and compliance risks including regulatory change.

Market conditions

The FCA reported that the value of gross mortgage advances in the 12 months to 30 June 2021 were 21% higher than the comparable prior year period. The value of gross mortgage advances in 2021 Q2 at £89.0bn was 117% higher than the same period last year and was the highest since 2008 Q3. The impact of the UK leaving the EU Single Market and Customs Union with EU law no longer applying had no material direct financial impact due to the composition of the Company's supplier, cost base and client revenue streams.

Operational risk and operational losses

The primary risk type that Topaz is exposed to is Operational Risk and as part of its robust risk management framework, Topaz has controls and processes in place to manage operational risk.

Provisions are made for specific operational loss cases as and when the necessary criteria are met (in accordance with IAS 37). Details of the Operational Losses provision can be found in note [16].

Credit risk

The Company is exposed to credit risk, to the extent that counterparties will be unable to pay amounts in full when they fall due and makes provision for Impairment as set out in note [2.7].

Management carefully manages its exposure to credit risk through close client relationships and regular account monitoring. The carrying amount of financial assets net of impairment represents the maximum credit exposure.

As part of its origination offering, at no point in a mortgage's lifespan is the Company exposed to any mortgage underwriting credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company at all times maintains adequate cash facilities in order to meet all its commitments as and when they fall due. The directors believe they have minimal exposure to liquidity risk.

Foreign currency risk

The Company is not exposed to foreign exchange risk.

Brexit

The impact of the UK leaving the EU Single Market and Customs Union with EU law no longer applying had no material direct financial impact due to the composition of the Company's supplier, cost base and client revenue streams. The Computershare Group operates in many jurisdictions including in the UK, EU and elsewhere, so the Group is well placed to be able to adapt to any future changes imposed.

COVID-19

Computershare Limited, the ultimate controlling party, has published financial results for the year ended 30 June 2021, including a COVID-19 update. Trading results were in line with revised market guidance. Over 90%

TOPAZ FINANCE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

of the Topaz workforce moved to working from home, deploying technology and security protocols to ensure no interruption of services to clients and customers.

Further details may be found at Computershare's web site www.computershare.com.

The Company earns revenue through the provision of legal title and associated mortgages services. Despite the impact of COVID-19 on the wider economy the company has not been materially impacted financially.

The directors of the company take operational resilience seriously and are doing everything possible to ensure the safety of staff and others in line with health and safety guidance as well as preventing any material effect on our services. We remain focused on strengthening our core business lines and working to continue to deliver great outcomes for customers in what are extremely challenging conditions.

Financial performance

The results for the year ended 30 June 2021 are shown in the Statement of Comprehensive Income on page [13], and the notes to the financial statements. Topaz made an operating profit of £1,614 thousand (2020: profit £5,453 thousand) for the year ended 30 June 2021.

The decline in financial performance reflects the fall in Assets Under Management to £15.9bn compared to £17.7bn as at 30 June 2020 together with an increase in Administrative expenses due to increased support recharges from other CLS entities.

The balance sheet position shows eligible capital at 30 June 2021 is in excess of the regulatory minimum at 312% (2020: 292%) and cash at £3,716 thousand (2020: £2,651 thousand).

TOPAZ FINANCE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

Financial key performance indicators

The following KPIs are used by management to monitor the growth and general financial performance of the business.

	2021	2020
Assets under management (year end)	£15.9bn	£17.7bn
Profit for the financial year	£1,699k	£5,465k
Operating profit	£1,614k	£5,453k

Directors' statement of compliance with duty to promote the success of the company

Under Section 172 (1) of the Companies Act 2006, a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. the likely consequences of any decision in the long term,
- b. the interests of the company's employees,
- c. the need to foster the company's business relationships with suppliers, customers and others,
- d. the impact of the company's operations on the community and the environment,
- e. the desirability of the company maintaining a reputation for high standards of business conduct, and
- f. the need to act fairly as between members of the company.

The following paragraphs summarise how the directors fulfil their duties:

(a) The Company is wholly owned by Computershare Investments (UK) No.3 Limited and the ultimate parent undertaking is Computershare Limited, a company incorporated in Australia. As such the directors always operates to the standards set by the Computershare Group ('Group') of which it is a member. Any decision taken will be aligned to the strategy of the wider Group and is made in the best interests of all stakeholders. Impacts of any decisions will be determined through ongoing risk assessment conducted with all relevant stakeholders. The Company strategy is regularly reviewed by the Board, is aligned to the key priorities set by Group and is presented to and agreed by Group. The Board has delegated responsibility for the day to day management and administration of the business to the CLS Chief Executive Officer who manages the companies in accordance with the strategy, plans and policies approved by the Board. The Chief Executive Officer chairs weekly Executive Leadership Team meetings where decisions are aligned to the approved Board strategy.

(b) The directors are committed to driving a responsible business. Our behaviour is aligned to our people, clients, investors, communities and society as a whole. Our commitment to our people is aligned to the People disclosures in the Computershare Group Annual Report. We recognise that success is driven by the quality and capabilities of our people and that looking after employees is in the best interests of all stakeholders. The directors undertake regular staff surveys and management build action plans based on the feedback which are reviewed by the Executive Leadership Team, encouraging employee participation. In response to the COVID-19 pandemic over 90% of the Company's workforce are working from home with technology and other support being provided. A majority of employees have expressed a preference to continue working from home, or a combination of office and home based working, in the longer term and the Company is in the process of finalising this revised operating model.

(c) The directors recognise the importance of building strong relationships with suppliers and customers and actively engages with representatives of contracting parties to ascertain their views and take them into account. The Company operates a Supplier Relationship Forum, leverages the wider Computershare Group procurement activity and has dedicated Client Relationships Managers. We also foster strong relationships and have regular contact with the FCA and other regulators. The Company has provided clients with additional Payment Holiday services through the COVID-19 pandemic to support mortgage customer requiring additional assistance.

TOPAZ FINANCE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

(d) The directors recognise the importance of social and environmental activities and seek to manage them responsibly. We work closely to support our local community and have supported a number of initiatives and good causes during the year. Our approach to Corporate Responsibility is aligned to the disclosures in the Computershare Group Annual Report. The Company donated to Depaul UK, a youth homelessness charity helping young people who become homeless across the UK, The Principle Trust Children's Charity, a Yorkshire charity which provides disadvantaged, disabled and underprivileged children with access to subsidised holidays and Children 1st who support survivors of abuse, neglect, and other traumatic events in childhood. The majority of staff are currently working from home and this trend is expected to continue in the longer term. The two Yorkshire sites are being consolidated into Skipton with the Crossflatts site closing. Both these actions are anticipated to reduce the impact of the Company's operations on the environment.

(e) The Board operates a Computershare Loan Services Governance Framework which sets out the Board governance arrangements. The Board discharges its responsibilities through the following Committees of the Board:

- CLS Audit and Compliance Committee
- CLS Risk Committee
- CLS Remuneration Committee
- CLS Nomination Committee

The directors operate strong risk, governance and oversight controls to ensure that high standards of business conduct are observed.

All employees and directors within the Group are required to follow the Computershare Code of Conduct, that sets out the principles and standards with which they are expected to comply as they perform their functions. We recognise that to protect and enhance our reputation, all employees must conduct themselves in accordance with the highest standards of personal integrity. This is critical to ensuring all stakeholders, from clients to investors and suppliers can have confidence in all aspects of our business.

A copy of the Group's Board approved Code of Conduct, and other policies and charters noted above are available from the Corporate Governance section of <http://www.computershare.com/governance>.

(f) The Company is a wholly owned subsidiary of Computershare Investments (UK) No.3 Limited ('CIN3') and the directors are committed to openly engaging with the Board and Management of CIN3.

This report was approved by the Board of directors on 18 October 2021 and signed on its behalf.



P Ali
Director

TOPAZ FINANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The directors present their report and the financial statements for the year ended 30 June 2021.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, 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 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.

The directors 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Principal activities

The principal activity of Topaz Finance Limited ("the Company") is the master servicing and administration of mortgages, including the provision of legal title services.

Results and dividends

The profit for the year, after taxation, amounted to £1,699 thousand (2020 - £5,465 thousand).

The directors do not propose a final dividend to be paid (2020: £ nil). An interim dividend of £ nil was paid (2020: £2,500 thousand) during the year.

At the end of the year, the balance sheet showed total assets of £22,092 thousand (2020: £17,502 thousand). Total equity was £12,610 thousand (2020: £10,911 thousand).

TOPAZ FINANCE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

Directors

The directors of the company who served during the year and up to the date of signing the financial statements were:

A Jones
P Ali
R Banks
T Franklin
N Oldfield

Political contributions

The Company made no contributions for political purposes in the year (2020: £nil).

Principal risks and uncertainties

The principal risk faced by the company is the ability to maintain/grow the Assets under Management and offset any natural decline in the assets managed for existing clients.

Future developments

No matters to report.

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased insurance in respect of itself and its directors.

TOPAZ FINANCE LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

Matters covered in the strategic report

The Company's business review, details of the principle risks and uncertainties and the key financial performance indicators are included within the Strategic Report.

Financial risk management

The Company's operations expose it to a variety of risks that include credit and liquidity risk. Further detail on this is provided in the strategic report under the principal risks and uncertainties.

Going concern

Despite the continuing difficult economic environment, the Company has reported an operating profit and is in a net asset position. The Company is forecast to continue to be profitable and have the ability to meet its obligations as they fall due for at least 12 months from the date of approval of the Annual Report and Financial Statements, after making allowances for the ongoing impact COVID-19.

The Company has also received a Letter of Support from its ultimate parent undertaking, Computershare Limited, confirming that it intends to provide financial support to ensure the Company will be able to meet financial and contractual liabilities as they fall due, and carry on business without significant curtailment of operations for at least 12 months from the date of approval of the Annual Report and Financial Statements for the year ending 30 June 2021.

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 on pages [1 to 5]. The financial position of the Company and liquidity position are described in the Company financial statements on pages [13 to 29].

For these reasons, the directors continue to adopt the going concern basis of accounting in the financial statements.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

No matters to report.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

TOPAZ FINANCE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021**

This report was approved by the Board of directors on 18 October 2021 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'P Ali', written in a cursive style.

P Ali
Director

TOPAZ FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOPAZ FINANCE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Topaz Finance Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); 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 balance sheet as at 30 June 2021; the statement of comprehensive income and statement of changes in equity 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

TOPAZ FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOPAZ FINANCE LIMITED

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.

With respect to the Strategic report and 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.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 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 Strategic report and 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 breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, 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 the 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

TOPAZ FINANCE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOPAZ FINANCE LIMITED

to posting inappropriate journal entries to manipulate financial performance. Audit procedures performed by the engagement team included:

- Reviewing correspondence with the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance and internal audit reports;
- Discussions with management and those involved in the legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Risk based journal testing with a focus on those journals with attributes which could be indicative of a fraudulent posting; and
- Performed audit procedures which incorporate an element of unpredictability in our testing.

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.



Andrew Pye (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Bristol

18 October 2021

TOPAZ FINANCE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 £000	2020 £000
Turnover	4	39,219	37,318
Cost of sales		<u>(32,988)</u>	<u>(30,086)</u>
Gross profit		6,231	7,232
Administrative expenses		(4,629)	(1,809)
Other operating income	5	<u>12</u>	<u>30</u>
Operating profit	7	1,614	5,453
Interest receivable and similar income		<u>99</u>	<u>32</u>
Profit before tax		1,713	5,485
Tax on profit	9	<u>(14)</u>	<u>(20)</u>
Profit for the financial year		<u>1,699</u>	<u>5,465</u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

The notes on pages 16 to 28 form part of these financial statements.

TOPAZ FINANCE LIMITED
REGISTERED NUMBER: 05946900

BALANCE SHEET
AS AT 30 JUNE 2021

	Note	2021 £000	2020 £000
Current assets			
Debtors	12	18,376	14,851
Cash at bank and in hand	13	3,716	2,651
		<u>22,092</u>	<u>17,502</u>
Creditors: amounts falling due within one year	14	(8,440)	(5,981)
Net current assets		<u>13,652</u>	<u>11,521</u>
Total assets less current liabilities		<u>13,652</u>	<u>11,521</u>
Provisions for liabilities			
Other provisions	16	(1,042)	(610)
		<u>(1,042)</u>	<u>(610)</u>
Net assets		<u><u>12,610</u></u>	<u><u>10,911</u></u>
Capital and reserves			
Called up share capital	17	101	101
Share premium account		5,700	5,700
Other reserves		120	120
Profit and loss account		<u>6,689</u>	<u>4,990</u>
		<u><u>12,610</u></u>	<u><u>10,911</u></u>

The financial statements on pages 13 to 29 were approved and authorised for issue by the Board of directors and were signed on its behalf on 18 October 2021.



P Ali
Director

The notes on pages 16 to 28 form part of these financial statements.

TOPAZ FINANCE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 July 2019	101	5,700	120	2,025	7,946
Comprehensive income for the year					
Profit for the financial year	-	-	-	5,465	5,465
Total comprehensive income for the year	-	-	-	5,465	5,465
Dividends paid	-	-	-	(2,500)	(2,500)
At 30 June 2020	101	5,700	120	4,990	10,911
Comprehensive income for the year					
Profit for the financial year	-	-	-	1,699	1,699
Total comprehensive income for the year	-	-	-	1,699	1,699
At 30 June 2021	101	5,700	120	6,689	12,610

The notes on pages 16 to 28 form part of these financial statements.

TOPAZ FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. General information

Topaz Finance Limited ("the Company") is a private limited company limited by shares and incorporated in England in the United Kingdom. The Company is domiciled in England in the United Kingdom and its registered office is The Pavilions, Bridgwater Road, Bristol, BS13 8AE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The directors have taken advantage under section 401 of the Companies Act 2006 not to prepare consolidated financial statements as the Company is included by full consolidation in the consolidated financial statements of its ultimate parent, Computershare Limited (Australia), a company registered in Australia. The financial statements of Computershare Limited (Australia) are publicly available.

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

The following principal accounting policies have been applied consistently:

2.3 Going concern

The financial statements of the Company have been prepared on a going concern basis, which the directors believe to be appropriate. Based on the performance and expected outlook of the business, the directors are satisfied that the Company has adequate resources to continue to trade for the foreseeable future.

TOPAZ FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised under the principles outlined within IFRS 15. Turnover is earned through the provision of legal title and associated mortgage services to the financial services industry.

Turnover is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. This involves following a 5-step model of turnover recognition.

The 5-step model involves identifying the contract with a customer, identifying performance obligations under the contract, determining the transaction price, allocating the transaction price to performance obligations under the contract and recognising turnover when the Company satisfies its performance obligations.

The key area of judgement in recognition of turnover is calculating the scale and timing of future incremental revenue streams.

Turnover is recognised either when the performance obligation in the contract has been performed, or over time as control of the performance obligation is transferred to the customer. For contracts with multiple components to be delivered management applies judgement to consider whether there are separate performance obligations.

Due to the nature of the turnover being derived from mortgage servicing there are no performance obligations in relation to refunds, warranties or similar obligations.

At contract inception the total transaction price is fixed, determined based on management's commercial estimates. Estimates are based upon management's understanding of the complexity of the required service based on their experience of providing similar services. This is then allocated to the identified performance obligations based on the directly incurred development cost of the required service for each contract when those performance obligations are satisfied. Any variations to the scope of the performance obligations are assessed as and when a change is requested, the transaction price is then reassessed.

For some contracts the company incurs development costs in order to meet its performance obligation and these costs are recognised as an asset. The asset is then amortised on a straight line basis over the remaining life of the contract. Judgement is applied in assessing whether these costs are costs to fulfil a contract and this judgement will depend on management's assessment of the nature of the underlying costs and whether they principally relate to a particular contract.

As the customer benefits from the value of the contract throughout the contractual period based upon what the Company do for the customer the output method is appropriately applied by the Company.

The Company always acts as the principal as there are no arrangements for another party to provide the goods or services.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

TOPAZ FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial instruments

Financial assets and financial liabilities are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at fair value through other comprehensive income (FVOCI). The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime expected credit losses (ECL) for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

2.8 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

TOPAZ FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.9 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.11 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

TOPAZ FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.13 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Company makes estimates and assumptions that affect the reported amount of assets and liabilities within the next financial year. The Company also has to make judgements in applying its accounting policies which affect the amounts recognised in the financial statements. 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.

Provisions

In determining the future liability relating to customer redress, Topaz has identified the various items necessary for remediation and has made contact with customers to notify them accordingly. This remediation covers a number of different areas relating to overpaid fees as well as redress/compensation. The current provision reflects managements latest estimate of the amount still due to customers at the balance sheet date as set out in note 16. If only 80% of customers with a potential claim under the Refund Provision were to claim then this would result in a release of £120 thousand of the provision.

TOPAZ FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

4. Turnover

All turnover arose from administration of mortgaged loans.

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £000	2020 £000
Other operating income	12	30
	<u>12</u>	<u>30</u>

Other operating income consists of Shortfall recovery in the period of £12 thousand (2020: £30 thousand).

6. Net gain on mortgages

	2021 £000	2020 £000
Shortfalls recovered during the year	12	30
	<u>12</u>	<u>30</u>

	2021 £000	Number of shortfalls under recovery
Shortfalls as at 1 July 2020	12,124	259
Shortfalls no longer under recovery	(153)	(5)
Shortfalls recovered during the year	(12)	-
Shortfalls as at 30 June 2021	<u><u>11,959</u></u>	<u><u>254</u></u>

TOPAZ FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

Net gain on mortgages (continued)

	2020 £000	Number of shortfalls under recovery
Shortfalls as at 1 July 2019	12,170	260
Shortfalls no longer under recovery	(16)	(1)
Shortfalls recovered during the year	(30)	-
Shortfalls as at 30 June 2020	<u><u>12,124</u></u>	<u><u>259</u></u>

Shortfalls represent the residual balance owed to the Company following default by borrowers and subsequent repossession and disposal of the mortgage security. The outstanding Shortfalls balance presented above was fully written down in prior periods due to the low probability of recovery. Where amounts have been recovered during the year these are included within Other operating income in the Statement of Comprehensive Income.

7. Operating profit

The operating profit is stated after charging:

	2021 £000	2020 £000
Auditors' remuneration - audit services	19	19
Other pension costs	<u><u>77</u></u>	<u><u>101</u></u>

TOPAZ FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

8. Employees

The company has no employees, the costs below are in respect of staff dedicated to Topaz Finance Limited and their costs are recharged by another group company.

	2021 £000	2020 £000
Wages and salaries	1,017	1,493
Social security costs	119	173
Other pension costs	77	101
	<u>1,213</u>	<u>1,767</u>

9. Tax on profit

	2021 £000	2020 £000
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	10	22
Changes to tax rates	-	(4)
Adjustments in respect of previous years	4	2
Total deferred tax	<u>14</u>	<u>20</u>
Taxation on profit	<u>14</u>	<u>20</u>

TOPAZ FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

9. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%). The differences are explained below:

	2021 £000	2020 £000
Profit before tax	1,713	5,485
Profit before tax multiplied by standard rate of corporation tax in the UK of 19.00% (2020 - 19.00%)	325	1,043
Effects of:		
Expenses not deductible for tax purposes	29	38
Tax rate changes	-	(4)
Adjustments to tax charge in respect of prior periods	4	2
Group relief	(344)	(1,059)
Total tax charge for the year	14	20

The Company has claimed tax losses of £1,811 thousand (2020: the Company claimed tax losses of £5,574 thousand) with a tax effect of (£344) thousand (2020: (£1,059) thousand) from fellow subsidiary undertakings for no payment.

Factors that may affect future tax charges

The standard UK corporation tax rate is 19% throughout the year ended 30 June 2021. Following the enactment of Finance Act 2021 the standard UK corporation tax rate will remain at 19% before increasing to 25% from 1 April 2023. Deferred tax has been recognised at either 19% or 25% depending on the rate expected to be in force at the time of the reversal of the temporary difference.

10. Dividends

	2021 £000	2020 £000
Dividends paid	-	2,500
	-	2,500

TOPAZ FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

11. Investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company and were incorporated 14 June 2018:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Rosolite Mortgages Limited	UK	Ordinary	100%	Non Trading
Siberite Mortgages Limited	UK	Ordinary	100%	Non Trading

The address of the registered offices of Rosolite Mortgages Limited and Siberite Mortgages Limited is: The Pavilions, Bridgwater Road, Bristol, BS13 8AE

TOPAZ FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

12. Debtors

	2021	2020
	£000	£000
Trade debtors	6,203	7,321
Amounts owed by group undertakings	11,134	7,032
Other debtors	991	379
Prepayments and accrued income	48	105
Deferred taxation	-	14
	<u>18,376</u>	<u>14,851</u>

The Amounts owed by group undertakings includes a £11,134 thousand loan to CIN3 repayable on demand with interest payable at a rate of the UK Daily LIBOR plus 1.05% per annum.

13. Cash at bank and in hand

	2021	2020
	£000	£000
Cash at bank and in hand	<u>3,716</u>	<u>2,651</u>
	<u>3,716</u>	<u>2,651</u>

14. Creditors: Amounts falling due within one year

	2021	2020
	£000	£000
Amounts owed to group undertakings	7,902	5,299
Other taxation and social security	-	187
Other creditors	105	-
Accruals and deferred income	433	495
	<u>8,440</u>	<u>5,981</u>

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

15. Deferred taxation

TOPAZ FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

15. Deferred taxation (continued)

	2021 £000
At beginning of year	14
Charged to the profit or loss	(10)
PYA	(4)
At 30 June 2021	<u><u>-</u></u>

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Temporary trading differences	-	14
	<u>-</u>	<u>14</u>

16. Other Provisions

	Refund provision £000	Operational issues £000	Total £000
At 1 July 2020	600	10	610
Charged to the profit or loss	-	432	432
At 30 June 2021	<u><u>600</u></u>	<u><u>442</u></u>	<u><u>1,042</u></u>

Refund provision

The refund provision reflects management's estimate of refunds due to mortgage customers in respect of historical fees and charges applied in error to customer accounts.

It is uncertain when the provision will be fully utilised as it is dependent on when, and if, customers who have been communicated to respond.

Operational issues

The provision is made for estimated compensation payments resulting from past operational issues. The amount of the provision to be held and the amount of compensation made is determined through internal investigation and agreement with the client on a case by case basis.

It is uncertain when the provision will be fully utilised due to the nature of internal investigations and discussions with the client.

17. Called up share capital

2021 2020

TOPAZ FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

17. Called up share capital (continued)

	£000	£000
Authorised, allotted, called up and fully paid		
100,570 (2020 - 100,570) ordinary shares of £1 each	<u>101</u>	<u>101</u>

18. Post balance sheet events

No matters to report.

19. Controlling party

Topaz Finance Limited is controlled and 100% owned by Computershare Investments (UK) (No. 3) Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and ultimate controlling party is Computershare Limited ("Computershare Limited (Australia)"), a company incorporated in Australia under ACN 005485825, which ultimately holds 100% of the share capital in Topaz Finance Limited and Computershare Investments (UK) (No. 3) Limited.

The smallest and largest group in which Topaz Finance Limited is a member and for which group financial statements are drawn up is the Computershare Limited (Australia) group. The consolidated financial statements of this group can be obtained from Computershare Limited, 452 Johnston Street, Abbotsford, Victoria 3067, Australia. These may also be found at Computershare's website www.computershare.com.