

Challenger Performance Optimization UK Limited

Financial Statements

For the year ended 31 December 2021

For Filing with Registrar

Company Registration No. 11448434 (England and Wales)

Challenger Performance Optimization UK Limited

Company Information

Directors	R Wald D Spradling J Musker A Harris (Appointed 30 March 2021)
Company number	11448434
Registered office	6th Floor, Charlotte Building 17 Gresse Street London United Kingdom W1T 1QL
Auditor	Moore Kingston Smith LLP Charlotte Building 17 Gresse Street London W1T 1QL
Business address	Labs House 15-19 Bloomsbury Way London United Kingdom WC1A 2TH

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Balance Sheet

As at 31 December 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	4	12,874,681		14,821,417	
Current assets					
Debtors	5	3,153,728		3,546,954	
Cash at bank and in hand		117,071		560,812	
		<u>3,270,799</u>		<u>4,107,766</u>	
Creditors: amounts falling due within one year	6	<u>(3,158,413)</u>		<u>(3,403,857)</u>	
Net current assets			112,386		703,909
Net assets			<u>12,987,067</u>		<u>15,525,326</u>
Capital and reserves					
Called up share capital	8		100		100
Other reserves			19,535,271		19,535,271
Profit and loss reserves			<u>(6,548,304)</u>		<u>(4,010,045)</u>
Total equity			<u>12,987,067</u>		<u>15,525,326</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

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

The financial statements were approved by the board of directors and authorised for issue on 22 December 2022 and are signed on its behalf by:

A Harris
Director

Company Registration No. 11448434

Challenger Performance Optimization UK Limited

Statement of Changes in Equity

For the year ended 31 December 2021

	Notes	Share capital £	Capital Contribution Reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2020		1	19,535,271	(2,258,117)	17,277,155
Period ended 31 December 2020:					
Loss and total comprehensive income for the period		-	-	(1,751,928)	(1,751,928)
Issue of share capital	8	99	-	-	99
Balance at 31 December 2020		100	19,535,271	(4,010,045)	15,525,326
Year ended 31 December 2021:					
Loss and total comprehensive income for the year		-	-	(2,538,259)	(2,538,259)
Balance at 31 December 2021		100	19,535,271	(6,548,304)	12,987,067

Challenger Performance Optimization UK Limited

Notes to the Financial Statements

For the year ended 31 December 2021

1 Accounting policies

Company information

Challenger Performance Optimization UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is 6th Floor, Charlotte Building, 17 Gresse Street, London, United Kingdom, W1T 1QL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

As 31 December 2021 the company had net current assets of £112,386, which includes amounts due to group companies of £498,808. The directors have received sufficient confirmation and assurance that the group companies will not demand repayment of the intercompany loan balances for a period of at least 12 months from the date of signing these accounts. The directors have prepared profit and loss, balance sheet and cash flow forecasts to 31st December 2025. These forecasts show a return to operating profit, before amortisation of intangibles, in the year to 31st December 2022 and beyond. The forecasts also demonstrate that the company has sufficient cash reserves to allow it to continue trading for at least 12 months from the date of the signing of the audit report.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Challenger Performance Optimization UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The company only has basic financial instruments measured at amortised cost, with no financial instruments classified as other, or basic financial instruments measured at fair value.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or 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 tax rates that have been enacted or substantively enacted by the reporting end date.

Challenger Performance Optimization UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Challenger Performance Optimization UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

1 Accounting policies

(Continued)

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	23	25

3 Taxation

	2021 £	2020 £
Deferred tax		
Origination and reversal of timing differences	(179,952)	-

4 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2021 and 31 December 2021	19,535,271
Amortisation and impairment	
At 1 January 2021	4,713,854
Amortisation charged for the year	1,946,736
At 31 December 2021	6,660,590
Carrying amount	
At 31 December 2021	12,874,681
At 31 December 2020	14,821,417

Challenger Performance Optimization UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

5 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	1,617,592	1,291,457
Amounts owed by group undertakings	1,221,821	2,210,230
Other debtors	134,363	45,267
	<u>2,973,776</u>	<u>3,546,954</u>
	2021	2020
	£	£
Amounts falling due after more than one year:		
Deferred tax asset	179,952	-
	<u>179,952</u>	<u>-</u>
Total debtors	<u>3,153,728</u>	<u>3,546,954</u>

6 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	91,666	60,592
Amounts owed to group undertakings	498,808	1,035,117
Taxation and social security	47,054	233,552
Other creditors	2,520,885	2,074,596
	<u>3,158,413</u>	<u>3,403,857</u>

7 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets	Assets
	2021	2020
	£	£
Balances:		
Tax losses	<u>179,952</u>	<u>-</u>

Challenger Performance Optimization UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

7	Deferred taxation	(Continued)
		2021 £
	Movements in the year:	
	Liability at 1 January 2021	-
	Credit to profit or loss	(179,952)
	Asset at 31 December 2021	(179,952)

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

8	Called up share capital	2021 £	2020 £
	Ordinary share capital		
	Issued and fully paid		
	100 Ordinary share of £1 each	100	100
		<u>100</u>	<u>100</u>

On 18 May 2020, the company issued 99 ordinary shares at par.

9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Esther Carder and the auditor was Moore Kingston Smith LLP.

10 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2021 £	2020 £
Within one year	193,133	281,330
Between two and five years	15,000	-
	<u>208,133</u>	<u>281,330</u>

Challenger Performance Optimization UK Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2021

11 Related party transactions

Challenger Performance Optimization UK Limited has elected to take advantage of the exemption under FRS 102 33.1A not to disclose transactions with wholly owned group companies.

12 Parent company

The immediate parent company and immediate controlling company is Challenger Performance Optimization, Inc. a company incorporated in the USA. Challenger Performance Optimization, Inc. is the smallest group which includes the Company and for which consolidated financial statements are prepared. Copies of the financial statements are available from Challenger Performance Optimization, Inc.

The ultimate parent and controlling company is Marlin Heritage II, L.P., a company incorporated in the Cayman Islands.

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