

Registered number: 05381786

**Acenden Limited**

**Report and audited financial statements  
for the year ended 31 March 2021**

MONDAY



\*JB2NMTUQ\*

JNI

25/04/2022

#77

COMPANIES HOUSE

## Contents

	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities	7
Independent auditor's report	8
Statement of comprehensive income	12
Statement of financial position	13
Statement of changes in equity	14
Statement of cash flows	15
Notes to the financial statements	16

## **Company information**

**Directors**

A J Maddox  
M J Arnold

**Independent auditor**

KPMG LLP  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

**Registered office**

Ascot House  
Maidenhead Office Park  
Maidenhead  
SL6 3QQ

**Registered number**

05381786

## **Acenden Limited**

### **Directors' report for the year ended 31 March 2021**

The directors present their report and the audited financial statements for the year ended 31 March 2021.

#### **Introduction**

The Company continues to wind down its activities, following the transfer of its service contracts to another group company in March 2019. Until March 2019, the Group provided third party residential mortgage services to lenders and investors in the United Kingdom. The Company is headquartered in Maidenhead and was authorised and regulated by the Financial Conduct Authority (FCA reg. no. 438372) until December 2019.

Until 25 March 2021, the Company was a wholly owned subsidiary of Elevate Bidco Limited, a wholly-owned subsidiary of Koala (Cayman) Limited. On 25 March 2021, 100% of the shares of the Company were sold to Koala (Cayman) Limited. The largest group in which the results of the Company are consolidated is Koala (Cayman) Limited, a company incorporated in the Cayman Islands. The Company operates as part of the group of companies owned by Koala (Cayman) Limited (the "Group"). Koala (Cayman) Limited is ultimately owned by funds managed by Blackstone Tactical Opportunities Advisors L.L.C. and Sixth Street LLP.

Until March 2019, when the legal title and mortgage administration activities of the business were transferred to Kensington Mortgage Company Limited ("KMC", a fellow group company) the Company provided comprehensive primary loan administration servicing, dedicated special servicing (arrears management), data due diligence, data cleansing and data collection services, portfolio assessment and due diligence services, arrangement of insurance policies and cash bond administration and investor reporting services in support of the Group's securitisation programme.

During the prior year, the legal title and mortgage administration activities of the remaining portfolio of 1,151 mortgage loans with an outstanding balance of £6m were sold and the Company applied for and was granted removal of permissions from the FCA.

As part of its mortgage servicing activity, the Company acted as a reinsurer for mortgage customers who do not have home insurance. Up to December 2017 this activity was carried out by its then subsidiary, Cell A52, Harlequin Insurance Protective Cell Company Limited ("the Cell"), a Protected Cell Company registered and regulated in Guernsey. The Cell acted as a Producer Owned Reinsurance Captive of block policies relating to buildings and property owners' liability. From September 2018 no further contracts were entered into.

On 12 March 2021, the directors passed a special resolution for the share capital of the Company to be reduced from £400 to £1 by cancelling and extinguishing 399 ordinary shares of £1 each. In addition, the share premium account of the Company was also reduced from £9,108 to nil. The total amount of the capital reduction of £9,507 was subsequently credited to retained earnings.

## **Acenden Limited**

### **Directors' report for the year ended 31 March 2021**

On 25 March 2021, the following transactions occurred:

- The Company sold its subsidiary, the Cell, to Kensington Holdco Limited, a fellow Group company, for £1,100,000, realising a gain on disposal of £425,000.
- The Company declared a dividend of £8,933,000 to its then parent, Elevate Bidco Limited.
- Following this, 100% of the shares of the Company were sold to Koala (Cayman) Limited.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £425,000 (2020: profit of £3,976,000).

Dividends of £8,933,000 were declared during the year (2020: £21,558,000).

#### **Future business developments and strategy**

As described above, there are no remaining business activities in the Company. Accordingly, these financial statements have been prepared on a basis other than going concern but no adjustment was required to the statement of financial position or the statement of comprehensive income.

#### **Directors**

The directors who served during the year and up to the date of signing this report are given below:

A J Maddox  
M J Arnold

None of the above mentioned directors are directors of the ultimate parent company, or had a beneficial interest in the share capital of the ultimate parent company during the year ended 31 March 2021. There are no directors' interests requiring disclosure under the Companies Act 2006.

#### **Company secretary**

Company secretarial duties are carried out by employees of KMC, a fellow group company.

#### **Qualifying third party indemnity provisions**

The Group maintains a Directors' and Officers' Liability Insurance policy including for the benefit of the Company. In accordance with the Company's Articles of Association, the Board may also indemnify a director against any costs or liabilities incurred as a result of their office, to the extent permitted by law. Neither the insurance policy nor any indemnities that may be provided by the Group for the Company provide cover for fraudulent or dishonest actions by the directors. However, costs may be advanced to directors for their defence in investigations or legal actions. The indemnity provision remains in force as at the date of approving the directors' report.

## **Acenden Limited**

### **Directors' report for the year ended 31 March 2021**

#### **Going concern**

As described above, there are no remaining business activities in the Company. Accordingly, these financial statements have been prepared on a basis other than going concern. The nature of the assets in the Company is such that they continue to be recoverable at their carrying amounts, and all assets and liabilities are classified as current. Therefore, the change in basis of preparation has not led to any adjustments being required to the statement of financial position or the statement of comprehensive income.

#### **Events after statement of financial position date**

After the year end, the Company received a claim in relation to a now-terminated contract, related to the business transferred to Kensington Mortgage Company Limited during 2018 and 2019. Any liability that might arise from this claim is fully indemnified by another group company.

In October 2021 the Company's remaining property lease reached full term and expired. Dilapidations of £121,000 were settled in December 2021. The Company was indemnified by Kensington Mortgage Company Limited, a fellow subsidiary, in full for these costs.

There have been no other matters that warrant disclosure or adjustment to the Company's financial results as at 31 March 2021 and for the year then ended.

#### **Principal risks and uncertainties**

The Company is subject to a number of risks which could adversely affect the business in future years and the directors will continue to monitor and manage those risks.

#### **Risk management**

Risk management is carried out consistent with the Group wide Risk Management Framework. The Group's risk management approach seeks to minimise the potential adverse effects of various risks on the financial performance of the Company.

Group risks are discussed in the Koala (Cayman) Limited annual report which does not form part of this report.

#### **(a) Operational risk**

Operational risk is defined as any instance where there is potential or actual impact to the Company resulting from inadequate or failed internal processes, people, systems, or from external events. The impacts can be financial as well as non-financial such as the costs of remedial actions or reputational consequences.

Whilst the Company is exposed to operational risks, it operates under an adequate controls and governance framework enshrined in its risk management framework. This includes an industry standard three lines of defence model including an outsourced independent internal audit function and adequate business continuity plans. The functions are adequately staffed and operate under the oversight of the Group Risk Committee and the Board. Following the transfer of business to KMC, substantially all of the activities that lead to Operational risk have now been transferred to KMC.

## **Acenden Limited**

### **Directors' report for the year ended 31 March 2021**

Operational risk is currently heightened by the impact of COVID-19 which has driven working from home and changes in processes to meet new regulatory requirements including the provision of payment holidays. However, the nature of the risks to which the Company is exposed remain similar to those when all staff were working from the office locations prior to COVID-19. Additional focus has been required on the controls appropriate for the altered working environment caused by COVID-19. The technology solutions required for all staff to function from home continue to be reviewed with additional controls implemented and guidance provided to staff with regard to the technology. The focus on the technology and working environment will continue as the Company responds to the adjusted way of working during the remainder of the COVID-19 situation and afterwards.

#### **Corporate and social responsibility**

The Company operates in accordance with the Koala (Cayman) Group policies described in the Koala (Cayman) Limited annual report which does not form part of this report.

#### **Employees**

The Company does not have any employees as at 31 March 2021 (2020: nil).

#### **Disclosure of information to the auditor**

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 auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

#### **Auditor**

The auditor, KPMG LLP, has indicated its willingness to continue in office and a resolution concerning its re-appointment will be considered at the forthcoming Annual General Meeting.

## **Acenden Limited**

### **Directors' report for the year ended 31 March 2021**

#### **Strategic report**

In accordance with section 414B of the Companies Act 2006 (Strategic report and Directors' report) Regulations 2013, the Company has taken the exception not to prepare a Strategic report as the Company qualifies as a small company in accordance with sections 382(2) and 382(3) of the Companies Act 2006. In the current year, the Company's turnover was not more than £10,200,000, the statement of financial position was not more than £5,100,000 and the number of employees was not more than 50.

This report was approved by the Board on 21 April 2022 and signed on its behalf by:



M Arnold  
Director

Ascot House  
Maidenhead Office Park  
Maidenhead  
SL6 3QQ

Date: 21 April 2022



## **Acenden Limited**

### **Statement of directors' responsibilities in respect of the Annual Report, the Directors' Report and the Financial Statements 31 March 2021**

The directors are responsible for preparing the Annual Report, the Directors' 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 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 company and of its profit or loss for that period. In preparing the 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in note 3.1, the directors do not believe it is appropriate to prepare these financial statements on a going concern basis).

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 its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

## **Independent auditor's report to the members of Acenden Limited**

### **Opinion**

We have audited the financial statements of Acenden Limited ("the Company") for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

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

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Emphasis of matter – non going concern basis of preparation**

We draw attention to note 3.2 to the financial statements which explains that the directors intend to liquidate the Company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have not been prepared on the going concern as described in that note. Our opinion is not modified in respect of this matter.

### **Fraud and breaches of laws and regulations – ability to detect**

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit and senior management and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

## Independent auditor's report to the members of Acenden Limited

As required by auditing standards and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue recognition does not involve any complexities or judgements.

We did not identify any additional fraud risks. We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management and those posted with specific key words such as restatement, reclassification and fraud; and
- Assessing significant accounting estimates for bias.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management as required by auditing standards, and from inspection of the regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

In addition, our assessment of risks involved gaining an understanding of the control environment including the Company's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: bribery, money laundering and financial crime and certain aspects of company legislation recognising the financial nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## **Independent auditor's report to the members of Acenden Limited**

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

## **Independent auditor's report to the members of Acenden Limited**

### **Directors' responsibilities**

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Karl Pountney (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
Canary Wharf  
E14 5GL

21 April 2022

## Acenden Limited

### Statement of comprehensive income for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Fees receivable and related income	5	-	238
Operating and administrative expenses		-	8
<b>Operating profit</b>	6	-	246
Profit on disposal of investment		425	-
Interest receivable and similar income	8	-	1
Interest payable and similar charges	9	-	(7)
Investment income	10	-	3,800
<b>Profit before taxation</b>		425	4,040
Tax expense on profit	11	-	(64)
<b>Profit and total comprehensive income for the financial year</b>		425	3,976

There were no items of other comprehensive income for 2021 or 2020 and therefore no separate statement of other comprehensive income has been presented.

The notes on pages 16 to 27 form an integral part of these financial statements

**Acenden Limited****Statement of financial position  
as at 31 March 2021**

	Note	2021 £'000	2020 £'000
<b>Current assets</b>			
Investments in subsidiaries	12	-	675
Debtors: amounts falling due within one year	13	121	16,665
Cash and cash equivalents	14	1	152
<b>Total current assets</b>		122	17,492
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	15	-	(8,446)
Provisions	16	(121)	(537)
<b>Total current liabilities</b>		(121)	(8,983)
<b>Net assets</b>		1	8,509
<b>Capital and reserves</b>			
Called up share capital	17	-	-
Share premium account		-	10
Retained earnings		1	8,499
<b>Total equity</b>		1	8,509

The financial statements were approved and authorised for issue by the board on 21 April 2022 and were signed on its behalf by:



M Arnold  
Director

Date: 21 April 2022

The notes on pages 16 to 27 form an integral part of these financial statements.

## Acenden Limited

### Statement of changes in equity for the year ended 31 March 2021

	Called up share capital £000	Share premium account £'000	Retained earnings £'000	Total equity £'000
<b>At 1 April 2019</b>	-	10	26,081	26,091
Dividends paid	-	-	(21,558)	(21,558)
Profit for the financial year	-	-	3,976	3,976
<b>At 31 March 2020</b>	-	10	8,499	8,509
Dividends paid	-	-	(8,933)	(8,933)
Reduction in share premium	-	(10)	10	-
Profit for the financial year	-	-	425	425
<b>At 31 March 2021</b>	-	-	1	1

The notes on pages 16 to 27 form an integral part of these financial statements.



## Acenden Limited

### Statement of cash flows for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>			
Profit before taxation		425	4,040
<b>Adjustments for:</b>			
Interest receivable	8	-	(1)
Dividend income		-	(3,800)
Profit on disposal of investment		(425)	-
Taxation received		-	-
Decrease/(increase) in debtors		8,653	(679)
Decrease in creditors		(8,388)	(5,423)
(Decrease)/increase in provisions		(416)	73
<b>Net cash used in operating activities</b>		<u>(151)</u>	<u>(5,790)</u>
<b>Cash flows from investing activities</b>			
Dividend received		-	1,500
Sale of investment		-	-
Interest received		-	1
<b>Net cash flows generated from investing activities</b>		<u>-</u>	<u>1,501</u>
<b>Cash flows from financing activities</b>			
Dividends paid		-	-
<b>Net cash flows used in financing activities</b>		<u>-</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>		(151)	(4,289)
Cash and cash equivalents at the beginning of the year		152	4,441
<b>Cash and cash equivalents at the end of the year</b>	14	<u>1</u>	<u>152</u>

During the year dividends of £8,933,000 were declared (2020: £21,558,000), which were not paid in cash but used to reduce intercompany debtors. As cash was not paid these do not appear as financing cash flows within the cash flow statement.

The notes on pages 16 to 27 form an integral part of these financial statements.

## **Acenden Limited**

### **Notes to the financial statements for the year ended 31 March 2021**

#### **1. General information**

The Company is a private company limited by shares and was incorporated and is domiciled in England, United Kingdom.

#### **2. Statement of compliance**

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **3. Significant accounting policies**

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### **3.1. Basis of preparation**

The financial statements have been prepared on a basis other than the going concern basis.

The preparation of financial statements in conformity with FRS 102 requires the use of certain significant accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

##### **3.2. Going concern**

As described above, there are no remaining business activities in the Company. Accordingly, these financial statements have been prepared on a basis other than going concern. The nature of the assets in the Company is such that they continue to be recoverable at their carrying amounts, and all assets and liabilities are classified as current. Therefore, the change in basis of preparation has not led to any adjustments being required to the statement of financial position or the statement of comprehensive income.

##### **3.3. Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, exclusive of sales taxes and discounts. The following specific recognition criteria must also be met before revenue is recognised:

## **Acenden Limited**

### **Notes to the financial statements for the year ended 31 March 2021**

#### **a) Fees**

Revenue arising from fees represents fees earned by the Company for providing mortgage administration services. Receipts and payments of fees are accounted for on an accruals basis less a provision for any fees where recovery is not expected. The provision is calculated based on the prior period performance of the serviced mortgage assets and the current status of the individual loans for which fees are receivable.

#### **b) Servicing income**

Revenue earned by the Group and Company's for providing primary loan administration servicing and dedicated special servicing (arrear management) and cash bond administration. Servicing income is accounted for on an accruals basis.

#### **c) Insurance income**

Insurance income represents revenue from insurance intermediation activities and amounts recharged to group related entities which include a mark-up for overhead costs incurred on their behalf. Insurance income is deferred over the life of the insurance policy issued with unearned premiums recognised as a deferred income liability on a monthly pro rata basis.

If an insurance premium is cancelled, income is recognised up to date of cancellation.

#### **d) Segment information**

The Company carries out business within the United Kingdom. The nature of the trade does not differ substantially and so the Company treats these as one market, therefore no segmental analysis has been presented.

#### **e) Interest receivable and similar income**

Interest receivable represents interest received from short term investments and bank deposits. Interest income is recognised in the statement of comprehensive income for all instruments measured at amortised cost using the effective interest method. The effective interest rate is the rate that discounts the expected future cash flows over the expected life of the financial instrument to the net carrying amount of the financial asset or liability at initial recognition.

### **3.4. Expenses**

Receipts and payments of expenses are accounted for on an accruals basis.

### **3.5. Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in total equity. In this case the tax is also recognised in other comprehensive income or directly in total equity, respectively.

## **Acenden Limited**

### **Notes to the financial statements for the year ended 31 March 2021**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns in respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on deductible temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### **3.6. Financial instruments**

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### **3.6.1. Financial assets**

Financial assets, including trade and other debtors and amounts owed by group undertakings and cash and bank balances, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### **3.6.2. Financial liabilities**

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings are classified as debt are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

## **Acenden Limited**

### **Notes to the financial statements for the year ended 31 March 2021**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### **3.6.3. Offsetting of financial assets and liabilities**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **3.7. Investment in subsidiaries**

The Company's investments in subsidiary companies are stated at cost less accumulated impairment losses if, in the opinion of the directors, there has been a permanent diminution in value of the investment.

#### **3.8. 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.

#### **3.9. Foreign currency translation**

The financial statements are presented in pounds sterling (£), which is the functional and presentation currency of the Company. All amounts in these financial statements have been rounded to the nearest thousand, unless otherwise indicated.

Transactions in foreign currency are initially converted to sterling at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange prevailing at the reporting date. All differences on exchange are taken to the statement of comprehensive income.

#### **3.10. Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **3.11. Operating leases**

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next review.

## **Acenden Limited**

### **Notes to the financial statements for the year ended 31 March 2021**

#### **3.12. Provisions**

Provisions are recognised for present legal or constructive obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated.

Claims are recognised upon being reported and are valued according to the terms of the relevant contract.

A provision is recognised for the estimated cost of settling all claims incurred up to but not paid at the statement of financial position date whether reported or not based on previous loss experience.

The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The estimation of claims incurred but not reported is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is generally available.

#### **3.13. Dividends**

Final dividends are recorded in the financial statements in the period in which they are paid by the Company. Interim dividends are recorded in the period in which they are approved and paid.

#### **4. Significant accounting estimates and judgements**

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.

##### **4.1. Significant accounting estimates**

The Company makes estimates and assumptions concerning the future. In the future, actual experience may differ from these estimates and assumptions. The 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 are addressed below.

###### **4.1.1. Lease dilapidations provision and indemnity asset**

When estimating the remaining provision for lease dilapidations, estimates were made of the expected dilapidations cost at the end of the lease and the extent to which such dilapidations had occurred at the balance sheet date. As all such dilapidations cost is indemnified by KMC, an asset equal to the dilapidations liability is also recognised.

## Acenden Limited

### Notes to the financial statements for the year ended 31 March 2021

#### 5. Fees receivable and related income

	2021 £'000	2020 £'000
Fee income	-	163
Insurance income	-	32
Other income	-	43
	<u>-</u>	<u>238</u>

#### 6. Operating profit

The operating profit is stated after charging/(crediting):

	2021 £'000	2020 £'000
Auditor's remuneration - audit services (audit of the Company's financial statements)	-	-
Operating lease expense	1,543	1,768
Operating lease recharges	(1,543)	(1,768)

Auditor's remuneration for the audit of the financial statements of the Company for the year ended 31 March 2021 of £23,000 was borne by KMC, a fellow group company.

Statutory information on remuneration for other services provided by the Company's auditor to the Koala (Cayman) Group is given on a consolidated basis in the consolidated financial statements of Koala (Cayman) Limited, which is the largest group into which the results of the Company are consolidated. There are no non audit services specific to the Company in the current year or prior year.

During the year the company leased two buildings, which were used by Kensington Mortgage Company Limited (KMC), a fellow subsidiary. All rentals payable under the leases were recharged to KMC.

#### 7. Directors' remuneration

During the year none (2020: none) of the directors received any emolument for their services to the Company or received any benefits from the Company.

#### 8. Interest receivable and similar income

	2021 £'000	2020 £'000
Bank interest	-	1
	<u>-</u>	<u>1</u>

# Acenden Limited

## Notes to the financial statements for the year ended 31 March 2021

### 9. Interest payable and similar charges

	2021 £'000	2020 £'000
Interest payable on loan notes	-	7
	<u>-</u>	<u>7</u>

### 10. Investment income

	2021 £'000	2020 £'000
Dividends received	-	3,800
	<u>-</u>	<u>3,800</u>

The Company received dividend income of £3,800,000 for the year ended 31 March 2020 from the subsidiary Cell A52 Harlequin Insurance PCC Limited. Of this, £1,500,000 was paid in cash and the remainder was recognised as an increase in intercompany receivables.

### 11. Taxation

Analysis of tax expense for the year:

	2021 £'000	2020 £'000
<b>Current tax</b>		
UK corporation tax expense on profit for the year	-	58
Adjustments in respect of previous periods	-	6
<b>Total current tax</b>	<u>-</u>	<u>64</u>
<b>Taxation expense on profit</b>	<u>-</u>	<u>64</u>



## Acenden Limited

### Notes to the financial statements for the year ended 31 March 2021

#### Factors affecting taxation

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £'000	2020 £'000
Profit before tax	425	4,040
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	81	768
Effects of:		
Income not subject to tax	(81)	(723)
Expenses not subject to tax	-	13
Effect of changes in tax rates	-	-
Adjustments to tax charge in respect of prior periods – current tax	-	6
<b>Total tax expense for the year</b>	<b>-</b>	<b>64</b>

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is unlikely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would affect the tax charge arising.

#### 12. Investments in subsidiaries

	2021 £'000	2020 £'000
<b>Cost</b>		
Investments in subsidiaries	-	675

The following were direct subsidiary undertakings of the Company:

Company	Principal activity	Country of incorporation	Type of shares	Ultimate % equity interest	Status
Cell A52 Harlequin Insurance PCC Limited	Insurance	Guernsey	Ordinary	100	Sold

On 25 March 2021, the Company sold its subsidiary, PCC to Kensington Holdco Limited, a fellow Group company, for £1,100,000, realising a gain on disposal of £425,000.

## Acenden Limited

### Notes to the financial statements for the year ended 31 March 2021

#### 13. Debtors

	2021 £'000	2020 £'000
Amounts owed by group undertakings	-	16,128
Other debtors	121	537
	<u>121</u>	<u>16,665</u>

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

The carrying amounts of debtors approximates their fair value.

#### 14. Cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank	1	152
	<u>1</u>	<u>152</u>

The carrying amounts approximates their fair value.

#### 15. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Amounts owed to group undertakings	-	6,109
Corporation tax	-	58
Group relief payable to fellow group companies	-	2,279
	<u>-</u>	<u>8,446</u>

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

The carrying amounts approximates their fair value.

## Acenden Limited

### Notes to the financial statements for the year ended 31 March 2021

#### 16. Provisions

	Conduct £'000	Dilapidation £'000	Total £'000
<b>At 1 April 2019</b>	38	464	502
Charged to the statement of comprehensive income	-	73	73
Transfer in the year	(38)	-	(38)
Utilised in the year	-	-	-
<b>At 31 March 2020</b>	-	537	537
Charged to the statement of comprehensive income	-	-	-
Transfer in the year	-	-	-
Utilised in the year	-	(416)	(416)
<b>At 31 March 2021</b>	-	121	121

#### Conduct

During the prior year, all conduct relating issues and provisions were transferred to Kensington Mortgage Company, a fellow Group company, as mentioned in the Directors' report.

#### Dilapidation

The dilapidations related to the leasehold properties in Maidenhead and London. The Maidenhead lease was terminated in the year and dilapidations settled. The remaining provision, in respect of the London lease, was utilised on expiry of the lease in October 2021.

The cost of such dilapidations is reimbursed by Kensington Mortgage Company, a fellow Group company and so an equivalent amount is recognised in other debtors.

#### 17. Share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
1 (2020: 400) ordinary shares of £ 1 each	1	400

On 12 March 2021, the directors passed a special resolution for the share capital of the Company to be reduced from £400 to £1 by cancelling and extinguishing 399 ordinary shares of £1 each.

## Acenden Limited

### Notes to the financial statements for the year ended 31 March 2021

#### 18. Dividends

Dividends of £8,933,000 were declared during the year (2020: £21,558,000).

#### 19. Commitments under operating leases

The Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £'000	2020 £'000
Not later than 1 year	210	1,768
Later than 1 year and not later than 5 years	-	772
	<u>210</u>	<u>2,540</u>

The operating lease commitments represent rentals payable by the Company the lease of the London office used by KMC. The Company receives a recharge from KMC in relation to operating lease expenses.

#### 20. Related party transactions

The Company has entered into transactions in the ordinary course of business with other related parties. As at 31 March 2021, the Company had no amounts payable to the directors (2020: nil).

	Amount expensed 2021 £'000	Amounts owed by related parties 2021 £'000	Amounts owed to related parties 2021 £'000
Immediate parent company	-	-	-
Other Koala (Cayman) Group companies	-	121	-
Other entities not wholly owned by Koala (Cayman) Group	-	-	-
	<u>-</u>	<u>121</u>	<u>-</u>
	Amount expensed 2020 £'000	Amounts owed by related parties 2020 £'000	Amounts owed to related parties 2020 £'000
Immediate parent company	-	-	-
Other Koala (Cayman) Group companies	-	16,128	(8,388)
Other entities not wholly owned by Koala (Cayman) Group	(10)	-	-
	<u>(10)</u>	<u>16,128</u>	<u>(8,388)</u>

## **Acenden Limited**

### **Notes to the financial statements for the year ended 31 March 2021**

On 25 March 2021, the Company sold its subsidiary, PCC to Kensington Holdco Limited, a fellow Group company, for £1,100,000, realising a gain on disposal of £425,000.

Dividends of £8,933,000 were declared during the year (2020: £21,558,000).

#### **21. Parent undertaking and controlling party**

The immediate parent company of the Company is Koala (Cayman) Limited, a company incorporated in the Cayman Islands. The ultimate parent company of the Company is Koala (Cayman) Limited. Koala (Cayman) Limited is the largest and smallest group into which the Company's results are consolidated. The consolidated financial statements of Koala (Cayman) Limited are available to the public and may be obtained from One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands.

#### **22. Events after statement of financial position date**

After the year end, the Company received a claim in relation to a now-terminated contract, related to the business transferred to Kensington Mortgage Company Limited during 2018 and 2019. Any liability that might arise from this claim is fully indemnified by another group company.

In October 2021 the Company's remaining property lease reached full term and expired. Dilapidations of £121,000 were settled in December 2021. The Company was indemnified by Kensington Mortgage Company Limited, a fellow subsidiary, in full for these costs.

There have been no other matters that warrant disclosure or adjustment to the Group's financial results as at 31 March 2021 and for the year then ended.