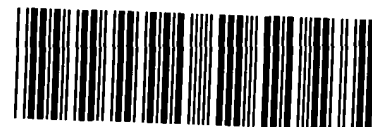


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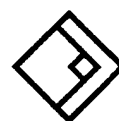


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## AZTEC FINANCIAL SERVICES (UK) LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

05702040



**AZTEC**  
GROUP

**AZTEC FINANCIAL SERVICES (UK) LIMITED**

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# **AZTEC FINANCIAL SERVICES (UK) LIMITED**

## **DIRECTORS, OFFICERS AND ADVISERS**

### **Directors**

James Duffield  
David Griffin  
Paul D Harrison  
Chris Stamper (resigned 13th November 2020)  
James R Whittingham

### **Secretary**

Laura Somers  
Forum 4 Solent Business Park  
Parkway South  
Whiteley  
Fareham  
PO15 7AD

### **Independent Auditor**

PricewaterhouseCoopers CI LLP  
37 Esplanade  
St Helier  
Jersey  
JE1 4XA

### **Registered Office**

Forum 4 Solent Business Park  
Parkway South  
Whiteley  
Fareham  
PO15 7AD

### **Company Number**

05702040

# **AZTEC FINANCIAL SERVICES (UK) LIMITED**

## **STRATEGIC REPORT**

The Directors present their strategic report on the audited financial statements for Aztec Financial Services (UK) Limited (the "Company") for the year ended 31 March 2021.

### **Review of the business**

The principal activities of the Company is the provision of administration and depositary services to alternative investment strategy funds along with support services to Aztec Group Limited and its subsidiaries (together "the Aztec Group"). The Company is regulated by the Financial Conduct Authority.

During the year the Company has achieved continued success in growing the administration services and depositary business to alternative investment strategy funds with external revenues increasing to £13.9 million (2020 £9.8 million). It also continued to provide business development services for the Aztec Group.

Whilst Brexit and the spread of Covid-19 adds uncertainty, there is nothing currently to suggest to the Directors that we will not continue to be successful in winning new administration and depositary services contracts in the coming year.

After reviewing the Company's financial performance and position and having consideration of the impact of the Covid-19 pandemic detailed in note 23, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

### **Risks and uncertainties**

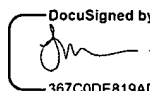
The Company manages the risks of its administration services and depositary business by setting in place a rigorous and active internal control environment which is common throughout the Aztec Group. Management performs various risk assessment activities which are designed to identify and manage risks that could affect the reliability of client services as well as risks to the various companies. These are overseen by the Board which reviews the detailed operational risks of the Company. A Compliance Monitoring Programme has been put in place which is used to ensure compliance with statutory and regulatory obligations.

Damage to or loss of key clients relationships would have a detrimental effect on the Company's performance. This is mitigated by the strength of London as a base for alternative investment strategy funds and their advisors and hence the importance of having a presence there, particularly in the business development field.

The Company's services to Aztec Group have limited risk on price, credit, liquidity, cash flow and foreign exchange.

The risks and uncertainties in relation to Covid 19 are detailed in note 23.

By order of the Board

DocuSigned by:  
  
367C0DE819AD44E...

Director

James Whittingham

Dated 30 June 2021

## **AZTEC FINANCIAL SERVICES (UK) LIMITED**

### **DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements of Aztec Financial Services (UK) Limited (the "Company") for the year ended 31 March 2021, which have been prepared in accordance with applicable accounting standards in the United Kingdom, 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.

#### **Principal activities**

The principal activities of the Company are the provision of administration and depositary services to alternative investment strategy funds along with support services to Aztec Group Limited and its subsidiaries (together "the Aztec Group"). The Company is regulated by the Financial Conduct Authority.

#### **Business review and future developments**

During the year the Company has achieved continued success in growing the administration services and depositary business to alternative investment strategy funds with external revenues increasing to £13.9 million (2020: £9.8 million). It also continued to provide business development services for the Aztec Group.

Whilst Brexit and the spread of Covid-19 adds uncertainty, there is nothing currently to suggest to the Directors that we will not continue to be successful in winning new administration and depositary services contracts in the coming year. The impact of the Covid-19 pandemic is discussed in note 23 to the financial statements.

#### **Risks and uncertainties**

The Company manages the risks of its administration services and depositary business by setting in place a rigorous and active internal control environment which is common throughout the Aztec Group. Management performs various risk assessment activities which are designed to identify and manage risks that could affect the reliability of client services as well as risks to the various companies. These are overseen by the Board which reviews the detailed operational risks of the Company. A Compliance Monitoring Programme has been put in place which is used to ensure compliance with statutory and regulatory obligations.

Damage to or loss of key clients relationships would have a detrimental effect on the Company's performance. This is mitigated by the strength of London as a base for alternative investment strategy funds and their advisors and hence the importance of having a presence there, particularly in the business development field.

The Company's services to Aztec Group have limited risk on price, credit, liquidity, cash flow and foreign exchange.

The risks and uncertainties in relation to Covid 19 are detailed in note 23.

#### **Results and dividends**

The results for the year are shown in the Statement of Comprehensive Income on page 8. No Dividends (2020: £nil) have been declared or paid during the year under review.

## **AZTEC FINANCIAL SERVICES (UK) LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Directors and their interests**

The Directors of the Company are disclosed on page 1.

Chris Stamper was also a Director of Aztec Group Limited, the ultimate group parent company until his resignation on 13 November 2020. Chris Stamper (resigned 13 November 2020), James Duffield (resigned 20 November 2020) and Paul Harrison (resigned 20 November 2020) were also directors of Aztec Europe (Holdings) Limited, the immediate parent company.

None of the Directors have any disclosable interest in the shares of the company, the parent company or the ultimate parent company.

No political donations were made during the year ended 31 March 2021 (2020: nil).

#### **Directors Indemnity**

Throughout the financial year, Aztec paid a premium to insure certain officers, including the Directors and Company Secretary.

#### **Reporting on Section 172**

The Company acts as a subsidiary for the Aztec Group and hence in fulfilling their responsibilities under section 172, the Directors give regard to the wider group strategy, plans and operating model.

The fulfilment of the section 172 requirements in regard to business relationships, community and environment, employee engagement and culture and values are more widely driven at Aztec Group level and implemented directly into the operating subsidiaries as part of the operating model. As the Directors are members of other boards, and employees of the Group where they see these being implemented and operating, they are satisfied that this helps them in meeting their responsibilities. For the remaining parts of section 172, the Directors fulfil their responsibilities as follows:

#### ***Considering the likely consequences of any decision in the long term***

The most important decisions the board makes routinely is in relation to dividends and financing requirements for subsidiaries. In considering the long term effect of these decisions, the directors are provided with financial information which they use to assess the solvency of the company after making the relevant decisions and form an opinion on going concern. Similarly in considering decision on providing commitments to subsidiaries they consider the liquidity of the company and other subsidiaries within its control.

#### **Shareholder engagement**

The Company's only shareholder is Aztec Holdings (Europe) Limited ("AHE"). The Directors are committed to engaging openly with the shareholder.

## **AZTEC FINANCIAL SERVICES (UK) LIMITED**

### **DIRECTORS' REPORT (continued)**

#### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the financial statements in accordance with applicable United Kingdom company law and generally accepted accounting standards.

The Companies Act 2006 requires the Directors to prepare financial statements for each financial year, which 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 year. In preparing those financial statements, the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards, comprising FRS 102, have been followed; subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business for the foreseeable future.

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.

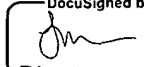
Each person who was a Director at the date of approval of these financial statements confirms that:

- 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 he ought to have as a Director to make himself aware of any relevant audit information and to establish that the Auditors are aware of that information.

#### **Independent Auditors**

In the absence of a notice proposing the appointment be terminated, the independent auditor, PricewaterhouseCoopers CI LLP, will be deemed to be re-appointed in accordance with section 487 of The Companies Act 2006.

By order of the Board

DocuSigned by:  
  
Director E819AD44E...  
James Whittingham

Dated 30 June 2021

Forum 4 Solent Business Park  
Parkway South  
Whiteley  
Fareham  
PO15 7AD

# Independent auditors' report to the members of Aztec Financial Services (UK) Limited

## Report on the audit of the financial statements

### Opinion

In our opinion, Aztec Financial Services (UK) Limited's 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Audited Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 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 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 31 March 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, 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 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 to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- enquiring with management and those charged with governance of the company and the group as to any actual or suspected instances of fraud or non-compliance with laws and regulations;
- reviewing the minutes of meetings of the board of directors for matters relevant to the audit;
- performed procedures to identify any instances of non-compliance with the company's regulation by the Financial Conduct Authority;
- identification and testing of journal entries considered to be higher fraud risk, including revenue journal entries posted with unusual account combinations, and the evaluation of any business rationale for any significant or unusual transactions identified as being outside the normal course of business;
- obtaining management's detailed work in progress and trade and other receivables recoverability assessment as at 31 March 2021 and challenging management on their assessment, receiving appropriate supporting evidence and explanations on a sample basis and focusing on how the more significant and longest outstanding balances are being addressed;
- performing audit procedures to incorporate unpredictability around the nature, timing and extent of our testing; and
- inspecting legal fee expenditure for any indication of undisclosed litigation or non-compliance with laws and regulations.

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](http://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.

DocuSigned by:



James de Veuille (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers CI LLP

Chartered Accountants and Statutory Auditors

Jersey, Channel Islands

30 June 2021

**AZTEC FINANCIAL SERVICES (UK) LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	31 March 2021 £'000	31 March 2020 £'000
<b>Turnover</b>		13,941	11,537
<b>Expenses</b>			
Employee remuneration	6	(10,419)	(6,632)
Depreciation	10	(299)	(266)
Other operating expenses	7	(769)	(3,367)
		(11,487)	(10,265)
<b>Operating Profit</b>		2,454	1,272
Other currency (losses)/gains for the year		(31)	32
Interest paid		(1)	-
<b>Profit on ordinary activities before taxation</b>	5	2,422	1,304
<b>Tax charge for the year</b>	8	(584)	(262)
<b>Profit for the year</b>		1,838	1,042
Other comprehensive income		-	-
<b>Total comprehensive income</b>		1,838	1,042

All items dealt with in arriving at the result for the years ended 31 March 2021 and 31 March 2020 relate to continuing operations.

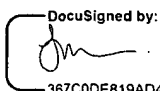
The accompanying notes form an integral part of these Audited Financial Statements.

# AZTEC FINANCIAL SERVICES (UK) LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	31 March 2021 £'000	31 March 2020 £'000
<b>Fixed assets</b>			
Tangible assets	10	632	822
		<u>632</u>	<u>822</u>
<b>Current assets</b>			
Loans receivable	12	773	293
Trade and other receivables	11	3,462	2,755
Cash and cash equivalents		3,978	1,944
		<u>8,213</u>	<u>4,992</u>
<b>Creditors: amounts falling due within one year</b>			
Trade and other creditors	13	(3,880)	(2,892)
Taxation	8	(248)	(57)
		<u>(4,128)</u>	<u>(2,949)</u>
<b>Net current assets</b>		<u>4,085</u>	<u>2,043</u>
<b>Total assets less current liabilities</b>		<u>4,717</u>	<u>2,865</u>
<b>Creditors: amounts falling due after more than one year</b>			
Trade and other creditors	13	(244)	(261)
Deferred tax	8	(62)	(91)
Provision for other liabilities	14	(231)	(171)
		<u>(537)</u>	<u>(522)</u>
<b>Net assets</b>		<u>4,180</u>	<u>2,342</u>
<b>Capital and reserves</b>			
Share capital	15	10	10
Share premium	16	115	115
Revenue reserve	16	4,055	2,217
<b>Total capital and reserves</b>		<u>4,180</u>	<u>2,342</u>

The financial statements on pages 10 to 26 were approved and authorised for issue by the Board on 30 June 2021 and were signed on its behalf by:

DocuSigned by:  
  
 367C0DE819AD44E...  
 Director  
 James Whittingham

The accompanying notes form an integral part of these Audited Financial Statements.

**AZTEC FINANCIAL SERVICES (UK) LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021**

	<b>Share Capital £'000</b>	<b>Share Premium £'000</b>	<b>Revenue Reserve £'000</b>	<b>Total £'000</b>
At 1 April 2019	<b>10</b>	<b>115</b>	<b>1,175</b>	<b>1,300</b>
Total comprehensive income	-	-	1,042	1,042
At 31 March 2020	<b>10</b>	<b>115</b>	<b>2,217</b>	<b>2,342</b>
Total comprehensive income	-	-	1,838	1,838
At 31 March 2021	<b>10</b>	<b>115</b>	<b>4,055</b>	<b>4,180</b>

The accompanying notes form an integral part of these Audited Financial Statements.

# **AZTEC FINANCIAL SERVICES (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

### **1. Company information**

Aztec Financial Services (UK) Limited (the "Company") is a limited company registered in England and Wales, registration number 05702040, incorporated on 8 February 2006. The registered address is Forum 4, Solent Business Park, Parkway South, Whiteley, Fareham, PO15 7AD.

The principal activities of the Company are the provision of administration and depositary services to alternative investment strategy funds along with support services to Aztec Group Limited and its subsidiaries (together the "Aztec Group"). The Company is regulated by the Financial Conduct Authority (FRN: 524081).

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

The Company financial statements have been prepared in accordance 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. Basis of preparation**

The financial statements are prepared on a going concern basis and in accordance with the historical cost convention. Unless otherwise stated the financial statements are presented in thousand pound sterling and rounded to thousands (£'000).

After reviewing the Company's forecasts and projections and having consideration of the impact of the Covid 19 pandemic detailed in note 23, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

The Company has taken advantage of the exemption in FRS 102 from preparing a statement of cashflows, on the basis that the consolidated financial statements of its immediate parent company (Aztec Holdings (Europe) Limited) are publicly available from Companies House in the United Kingdom.

### **4. Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **(a) Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. The cost of own employees directly attributable to the development of an intangible asset are included as a part of the cost of that asset. Amortisation is charged on all intangible assets at rates calculated to allocate the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Computer software

2 to 4 years

# AZTEC FINANCIAL SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 4. Accounting policies (continued)

#### (b) Tangible assets

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

Computer hardware	2 to 3 years
Fixtures, fittings and equipment	4 years
Leasehold improvements	over the life of the lease

Leasehold improvements in the course of construction are carried at cost less any recognised impairment loss. Depreciation of these assets commences when the assets are fully ready for use.

The assets' residual values and the useful economic lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating (losses)/gains'.

#### (c) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

#### (d) Impairment of non-financial assets

At each reporting date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication, the recoverable amount of the asset is compared to the carrying amount of the asset. If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount.

#### (e) Operating leases

Operating lease rentals are charged on a straight line basis over the term of the lease. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the term of the lease or to the first rent review date.

#### (f) Provisions

Provisions are recognised when the Company has a present legal obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.



## **AZTEC FINANCIAL SERVICES (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

#### **4. Accounting policies (continued)**

##### **(f) Provisions (continued)**

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to the passage of time is recognised as an expense in the corresponding period.

A provision is recognised for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use in a future period. The provision is measured at the salary costs payable for the period of absence.

##### **(g) Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted at the reporting date. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income and expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantially enacted by the year end and that are expected to be applied to the reversal of the timing differences.

##### **(h) Income recognition**

Administration income is accounted for on an accruals basis and is measured at the fair value of the consideration received or receivable. Unbilled time based fees are based on the managements' best estimate of the amount likely to be recovered after determining the stage of completion for the delivery of the service and are included in the Statement of Comprehensive Income at expected fair value.

The Company has multiple income streams from clients:

- Fixed fees which are principally billed to clients on a periodic basis. These are recognised as income on a straight line basis during the year to which they relate.
- Ad valorem fees which are billed to clients on a monthly or quarterly basis in arrears. These are recognised as income during the year to which they relate on based on the service rendered.

## **AZTEC FINANCIAL SERVICES (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

#### **4. Accounting policies (continued)**

##### **(h) Income recognition (continued)**

- Time based fees, which are billed to clients on a monthly or quarterly basis in arrears. The time charges are recognised as income at expected fair value and disclosed in the Statement of Financial Position as administration and other fees receivable within the debtors balance. Revenue recognition is determined where a right to consideration arises through the performance of administration and other related services.

##### **(i) Employee benefits**

Short term employee benefits including holiday pay and contributions to the defined contribution scheme are recognised as expenses in the period when the service is rendered. Once contributions to the defined contribution scheme have been paid the Company has no further payment obligations. The Company operates an annual bonus plan for employees. An expense is recognised in the Statement of Comprehensive Income when the Company has a legal or constructive obligation to make payments as a result of past events and a reliable estimate of the obligation can be made.

The Company's ultimate parent company operates a number of share based payment schemes in which employees of the Company participated. See notes 18 and 19 for further information regarding these schemes.

Cash settled share-based payments are measured at fair value at the reporting date, taking into account the estimated awards or number of options that will actually vest and the current proportion of the vesting period. The Company recognises a liability at the Statement of Financial Position date based on these fair values. Changes in the value of this liability are recognised in the Statement of Comprehensive Income.

Equity-settled share-based payments are measured at fair value (excluding the effect on non-market based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Where equity-settled share-based payments are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the Statement of Comprehensive Income.

##### **(j) Other income and expenses**

Other income and expenses are accounted for on an accruals basis.

##### **(k) Dividends**

Dividends are accounted for in the period in which they are declared unless criteria exist at the Statement of Financial Position date that demonstrates an obligation does not exist at that date.

## **AZTEC FINANCIAL SERVICES (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

#### **4. Accounting policies (continued)**

##### **(l) Foreign currency**

The Company's functional and presentation currency is the pound sterling.

Transactions denominated in currencies other than Sterling are translated at the rates prevailing at the date of the transaction. Monetary items denominated in currencies other than sterling are translated at the rates ruling on the reporting date. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction. Foreign exchange gains and losses are included in the Statement of Comprehensive Income.

##### **(m) Financial instruments**

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of Financial Instruments.

###### **(i) Financial Assets**

Financial assets, including trade and other receivables, loans receivable, cash and cash equivalents, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

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.

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.

###### **(ii) Financial Liabilities**

Financial liabilities, including trade and other creditors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

# AZTEC FINANCIAL SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 4. Accounting policies (continued)

#### (m) Financial instruments (continued)

##### (ii) Financial Liabilities (continued)

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

#### (n) Share Capital

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

#### (o) Critical accounting judgements and estimation uncertainty

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

In the opinion of management there are no critical judgements made in applying the Company's accounting policies.

##### *Impairment of debtors*

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the ageing of debtors and historical experience.

##### *Share-based payments*

The Company makes an estimate of the number and value of awards, both equity and cash settled, that will vest. When assessing the estimate of share based payments management consider factors including the historical take-up of schemes by eligible employees, attrition rates of employees and the historic value of awards made to eligible employees.

### 5. Profit on ordinary activities before taxation

	31 March 2021 £'000	31 March 2020 £'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	59	30
Depreciation	299	266
Rent	409	349

## AZTEC FINANCIAL SERVICES (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

<b>6. Employee remuneration</b>	<b>31 March 2021 £'000</b>	<b>31 March 2020 £'000</b>
Staff costs for the year were as follows:		
Salaries and bonuses	8,214	5,221
Social security contributions	1,092	761
Pension costs and other benefits	1,113	650
	<u>10,419</u>	<u>6,632</u>

The Company operates a defined contribution pension scheme for the benefit of the employees and Directors. The assets of the scheme are administered by independent pension service providers. Pension payments recognised as an expense during the year amounted to £404,302 (2020: £263,204).

The average monthly number of employees (including Executive Directors) was 151 (2020: 121).

Directors' emoluments (including pension costs) for the year ended 31 March 2021 was £871,982 (2020: £700,283).

<b>7. Other operating expenses</b>	<b>31 March 2021 £'000</b>	<b>31 March 2020 £'000</b>
Property expenses	799	858
Management charge	861	1,364
Marketing	195	205
Legal fees & professional fees	47	43
General expenses	(1,133)	897
	<u>769</u>	<u>3,367</u>

Aztec Group as a whole directly incurs costs that are considered to be for the benefit of the Company. In order to fairly reflect these costs across the various entities within the Aztec Group a management charge is implemented where all Aztec Group costs are collated and redistributed based on a cost plus mark up basis. The Company provided business development services for the Aztec Group of £1.8m that is included within general expenses above. In the prior year, this was included in turnover totalling £1.8m.

# AZTEC FINANCIAL SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 8. Taxation

	31 March 2021 £'000	31 March 2020 £'000
Analysis of charge for the year		
UK corporation tax at an effective rate of 19% (2020: 19%)	613	171
Deferred tax (credit)/charge for the year	(29)	91
	<u>584</u>	<u>262</u>
Factors affecting tax charge for the year		
Profit for the year before taxation	<u>2,422</u>	<u>1,304</u>
Profit on ordinary activities at rate of corporation tax in the United Kingdom of 19% (2020: 19%)	460	248
Adjustments in respect of prior years	48	-
Gains not assessable to tax	-	(6)
Depreciation in excess of capital allowances	101	1
Non deductible expenditure	4	12
Origination and reversal of timing differences	(29)	-
Other timing differences	-	7
United Kingdom corporation current tax charge for the year	<u>584</u>	<u>262</u>
Analysis of taxation creditor		
Amount due brought forward	148	117
Amount charged for the year	584	262
Less amount paid in year	(422)	(231)
Taxation creditor	<u>310</u>	<u>148</u>
Amounts falling due within one year	248	57
Amounts falling due after more than one year	62	91
	<u>310</u>	<u>148</u>

# AZTEC FINANCIAL SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 9. Intangible assets

	<b>Computer software £'000</b>
<b>Cost</b>	
At 1 April 2020	11
Additions	-
Assets written off	(10)
<b>At 31 March 2021</b>	<u>1</u>
<b>Amortisation</b>	
At 1 April 2020	11
Charge for the year	-
Assets written off	(10)
<b>At 31 March 2021</b>	<u>1</u>
<b>Net book value</b>	
<b>At 31 March 2021</b>	<u>-</u>
<b>At 31 March 2020</b>	<u>-</u>

# AZTEC FINANCIAL SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 10. Tangible assets

	Leasehold improvements £'000	Computer hardware £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2020	947	257	162	1,366
Additions	-	106	3	109
Assets written off	-	(93)	(17)	(110)
<b>At 31 March 2021</b>	<b>947</b>	<b>270</b>	<b>148</b>	<b>1,365</b>
<b>Depreciation</b>				
At 1 April 2020	318	120	106	544
Charge for the year	194	75	30	299
Assets written off	-	(93)	(17)	(110)
<b>At 31 March 2021</b>	<b>512</b>	<b>102</b>	<b>119</b>	<b>733</b>
<b>Net book value</b>				
<b>At 31 March 2021</b>	<b>435</b>	<b>168</b>	<b>29</b>	<b>632</b>
<b>At 31 March 2020</b>	<b>629</b>	<b>137</b>	<b>56</b>	<b>822</b>

### 11. Debtors

	31 March 2021 £'000	31 March 2020 £'000
Administration and other fees receivable		
- Billed	727	955
- Unbilled	2,506	1,511
Prepayments and other debtors	229	289
	<b>3,462</b>	<b>2,755</b>

Trade debtors are stated after provision for impairment of £17,042 (2020: £37,298).

### 12. Loans receivables

	31 March 2021 £'000	31 March 2020 £'000
Falling due within one year:		
Aztec Holdings (Europe) Limited	773	293

The loans are unsecured, non interest bearing and repayable on demand.



# AZTEC FINANCIAL SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

<b>13. Trade and other creditors</b>	<b>31 March 2021 £'000</b>	<b>31 March 2020 £'000</b>
Falling due within one year:		
Pension contributions	113	-
Bonus and equity performance plan	1,789	1,293
Holiday pay	357	117
Value added tax	429	250
Trade creditors and accruals	1,192	1,232
	<u>3,880</u>	<u>2,892</u>

The holiday pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

Falling due after more than one year:  
Equity performance plan

244	261
<u>244</u>	<u>261</u>

## 14. Provisions for other liabilities

Provision for dilapidations	231	171
	<u>231</u>	<u>171</u>

The amount represents a best estimate of the dilapidation obligation at the end of the lease term on the leased buildings which has been provided to date. During the year there has been no utilisation of any provisions therefore the movement relates to the amounts charged through the Statement of Comprehensive Income.

<b>15. Share capital</b>	<b>31 March 2021 £'000</b>	<b>31 March 2020 £'000</b>
<b>Authorised</b>		
10,000 Ordinary £1 Shares	10	10
	<u>10</u>	<u>10</u>
<b>Issued and fully paid</b>		
10,000 Ordinary £1 Shares	10	10
	<u>10</u>	<u>10</u>

Share capital - represents the nominal value of shares that have been issued.

The Ordinary £1 shares entitle the holder to full voting rights and also to receive distributions from the Company in accordance with its Memorandum and Articles of Association.

## 16. Reserves

Share premium - includes any premium received on issue of share capital.

Revenue reserve - includes all current and prior period retained profits.

# AZTEC FINANCIAL SERVICES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 17. Capital and other commitments

At 31 March 2021, the Company had total commitments under non-cancellable operating leases for each of the following periods:

	31 March 2021 £'000	31 March 2020 £'000
Payments due:		
Within 1 year	381	450
1 - 5 years	1,267	1,330
5 years +	954	1,272
	<u>2,602</u>	<u>3,052</u>

The benefits from any rent free periods on the commencement of leases are spread over the life of leases or to the first rent review date. The amount charged to the Statement of Comprehensive Income for the year in respect of the leases was £409,237 (2020: £349,348).

The above commitments relate to two lease contracts. The first was signed on 1 July 2016 and the second lease on 9 January 2019 expiring on 3 October 2021 and 24 March 2029 respectively.

### 18. Equity Performance Plan ("EPP")

This is an employee benefit scheme for senior staff. Eligibility for the scheme in a particular year is limited to senior staff who have reached the appropriate grade at 31 March of the year in question and are not in a probationary or notice period.

Payments of awards under EPP are dependent on staff satisfying the criteria of the scheme, principally being to remain in the employment of the Aztec Group for the appropriate period.

EPP allows senior staff to benefit directly from the growth in value of Aztec Group Limited. The award tracks the value of the business as determined by the Remuneration committee, based on turnover and an EBITDA multiple on a cash and debt free basis. At vesting, staff are able to convert up to 50% of the original award, together with the whole of the growth element, into shares. The shares are local currency denominated preference shares in an entity which entitles the holders to share in the increase in value of Aztec Group Limited. The shares are non-voting, non-transferable and have no entitlement to dividend. Put and call options attach to the shares, enabling both the employee and Aztec Group Limited to redeem the shares.

The balance of the award (plus or minus the growth/diminution of the value of the award) may, at the election of the participant, be redeemed in cash and/or be allowed to vest as preference shares. If no election is made, the whole award shall be redeemed in cash. The scheme is accounted for as a cash-settled share based payment scheme.

At 31 March 2021, an EPP provision of £879,149 (2020: £789,676) has been made and is included in trade and other creditors as disclosed in note 13.

The total charged to the Statement of Comprehensive Income in relation to EPP for the year ended 31 March 2021 was £337,165 (2020: £367,683).

## AZTEC FINANCIAL SERVICES (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

#### 19. EDH Share scheme ("EDH")

A limited number of senior staff are offered the opportunity to invest in a scheme that mirrors the value of Aztec Group. The shares are non-voting participation shares in a Group Company but in many respects have similar characteristics and restrictions to the Executive Income and Executive Capital shares. The scheme is designed to track the value of the business on a long-term basis allowing senior staff to build a meaningful stake in the business. The shares are non-voting, non-transferable and have entitlement to dividends.

This scheme for senior staff allows staff to acquire shares at an agreed price based on an EBITDA multiple on a cash and debt free basis. Eligibility for the scheme in a particular year is limited to senior staff who have reached the appropriate grade at 31 March of the year in question and are not in a probationary or notice period. The fair value of the shares granted and any vesting conditions are governed by the contract entered into by the parties.

As at 31 March 2021, an EDH provision of £590,678 (2020: £358,700) has been made reflecting awards in relation to the year ended March 2021. This is included in trade and other creditors as disclosed in note 13.

The total charged to the Statement of Comprehensive Income in relation to EDH for the year ended 31 March 2021 was £590,678 (2020: £358,700).

#### 20. Related parties

Chris Stamper (resigned 13 November 2020), James Duffield (resigned 20 November 2020) and Paul Harrison (20 November 2020) were also directors of Aztec Europe (Holdings) Limited, the immediate parent company.

Chris Stamper was also a Director of Aztec Group Limited, the ultimate group parent company until his resignation on 13 November 2020.

None of the Directors have any disclosable interest in the shares of the Company, the parent company or the ultimate parent company.

Management charges are calculated based on the services provided to/from other related entities within the Group.

Related party	Nature of relationship	Nature of transactions	Income/ (expense)	Balance receivable/ (payable)
Aztec Financial Services (Jersey) Limited	Affiliated Group Company	Business Development recharges less management charges	979	-
Aztec Holdings (Europe) Limited	Parent	Loans	-	773

Director's remuneration has been disclosed in note 6.

## **AZTEC FINANCIAL SERVICES (UK) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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

Aztec Holdings (Europe) Limited is the immediate parent company. The Directors consider Goat Group Limited, a company registered in Jersey, to be the ultimate controlling company undertaking and Mr and Mrs Moore to be the ultimate controlling party.

#### **22. Events after the end of the reporting period**

No significant events have occurred after the reporting date that are likely to affect either the ongoing structure or the financial activities of the company.

#### **23. Covid 19 Pandemic**

Since March 2020, the spread of the COVID-19 pandemic has severely impacted economies in all jurisdictions we operate in. This has posed some uncertainty and additional business risk which the Company continuously monitor through our Business Continuity Planning (BCP) team and Company governance structure. The Company has managed to navigate the pandemic by working remotely, the business risk is subsiding due to the vaccine roll-out and the world economies are recovering. As at the date of signing of this report and financial statements, the impact of the pandemic on the financial performance and position of the Company has been limited, primarily due to the initiation of BCP with employees working remotely, servicing a stable portfolio of clients and having been in a robust financial position when the pandemic started. The future impact on our clients and business remains to a degree uncertain, as the situation continues to unfold and economies begin to reopen, we remain well placed to overcome any challenges and capitalise on any opportunities that arise.