APEX GROUP LTD.

Consolidated Financial Statements
(With Auditor’s Report thereon)

For the year ended 31 December 2020

APEX GROUP LTD.

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Directors’ responsibility for the consolidated financial statements

The directors prepare consolidated financial statements in accordance with International Financial Reporting Standards (‘IFRS’) as issued by the International Accounting Standard Board (‘IASB’) and applicable law which give a true and fair view of the state of affairs of the Group at the end of each financial period and of the profit or loss of the Group for the period then ended. In preparing the financial statements, the directors should:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group. This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Consolidated statement of financial position

As at 31 December 2020
(Expressed in United States Dollars)

	Note	2020 $'000	2019 $'000 (Restated)
Assets			
Goodwill	*12*	514,013	490,234
Other intangible assets	*13*	470,687	483,314
Property and equipment	*14*	15,031	14,845
Right-of-use assets	*25*	66,585	58,344
Deferred tax asset	*11*	13,630	530
Debt securities held at fair value through other comprehensive income	*15*	451,877	421,094
Derivatives held at fair value through profit and loss	*30*	20,517	6,835
Other assets		19,905	1,425
Total non-current assets		**1,572,245**	**1,476,621**
Trade and other receivables	*16*	118,478	110,664
Cash and cash equivalents	*17*	2,109,112	1,563,125
Total current assets		**2,227,590**	**1,673,789**
Total assets		**3,799,835**	**3,150,410**
Equity			
Share capital	*19*	172,260	172,260
Other reserves		36,771	11,473
Accumulated losses		(353,161)	(221,018)
Equity attributable to equity holders of the parent		**(144,130)**	**(37,285)**
Non-controlling interests		4,769	4,342
Total equity		**(139,361)**	**(32,943)**
Liabilities			
Loan facility	*23*	1,025,669	1,021,554
Preferred debt	*24*	61,693	-
Deferred tax liability	*11*	73,343	66,838
Employee benefits	*21*	2,661	2,559
Lease liabilities	*25*	36,453	48,620
Provisions	*27*	46,363	17,309
Total non-current liabilities		**1,246,182**	**1,156,880**
Amounts owed to credit institutions and banking customers	*30*	2,443,307	1,871,971
Loan facility	*23*	20,656	10,355
Derivatives at fair value through profit or loss	*30*	20,401	6,418
Trade and other payables	*22*	154,605	90,103
Current tax payable	*11*	14,694	14,460
Lease liabilities	*25*	37,663	13,743
Provisions	*27*	1,688	19,423
Total current liabilities		**2,693,014**	**2,026,473**
Total liabilities		**3,939,196**	**3,183,353**
Total equity and liabilities		**3,799,835**	**3,150,410**

These financial statements were approved by the board of directors, authorised for issue on 13 April 2021 and signed on its behalf by:

Peter Hughes
Director

The notes on pages 6 to 59 form part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2020
(Expressed in United States Dollars)

	Note	2020 $'000	2019 $'000 (Restated)
Revenue	7	437,422	319,207
Commission income		4,007	3,337
Interest receivable and similar income	8	9,383	13,843
Other operating income	9	1,066	23,968
Administrative expenses		(441,667)	(392,820)
Results from operating activities		**10,211**	**(32,465)**
Transaction costs		(26,478)	(11,530)
Finance expenses		(101,312)	(82,959)
Re-capitalisation and debt restructuring costs		(13,859)	(23,908)
Loss before income tax		**(131,438)**	**(150,862)**
Income tax credit/(expense)	11	40	(920)
Loss for the year		**(131,398)**	**(151,782)**
Attributable to:			
Owners of the parent company		(131,882)	(151,485)
Non-controlling interests		484	(297)
		(131,398)	**(151,782)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations (restated)		23,089	10,251
Debt securities held at fair value through other comprehensive income		(261)	(1,074)
Income tax relating to items that may be reclassified subsequently to profit or loss	11	-	-
Total other comprehensive loss, net of income tax (restated)		22,828	9,177
Total comprehensive loss for the year (restated)		**(108,570)**	**(142,605)**
Attributable to:			
Owners of the parent company		(109,158)	(142,557)
Non-controlling interests		588	(48)
		(108,570)	**(142,605)**

Consolidated statement of changes in equity

For the year ended 31 December 2020
(Expressed in United States Dollars)

	Ordinary share capital	Accumulated losses	Share based payments reserve	Foreign currency translation reserve	Total attributable to the owners of the parent	Non-controlling interests	Total equity
	\$'000	**\$'000**	**\$'000**	**\$'000**	**\$'000**	**\$'000**	**\$'000**
As at 31 December 2018	131,260	(71,243)	520	(269)	60,268	-	60,268
Loss for the year	-	(151,485)	-	-	(151,485)	(297)	(151,782)
Exchange differences on translating foreign operations (restated)	-	-	-	10,002	10,002	249	10,251
Debt securities held at fair value through other comprehensive income	-	(1,074)	-	-	(1,074)	-	(1,074)
Total comprehensive loss for the year (restated)	**-**	**(152,559)**	**-**	**10,002**	**(142,557)**	**(48)**	**(142,605)**
Acquisition of subsidiaries	-	-	-	-	-	5,096	5,096
Preference share dividend derecognised	-	2,784	-	-	2,784	-	2,784
Dividend paid to the non-controlling interest	-	-	-	-	-	(706)	(706)
Share-based payments	-	-	1,469	-	1,469	-	1,469
Issue of share capital	41,000	-	-	-	41,000	-	41,000
As at 31 December 2019 (restated)	**172,260**	**(221,018)**	**1,989**	**9,733**	**(37,036)**	**4,342**	**(32,694)**
Loss for the year	-	(131,882)	-		(131,882)	484	(131,398)
Exchange differences on translating foreign operations	-	-	-	22,985	22,985	104	23,089
Debt securities held at fair value through other comprehensive income	-	(261)	-	-	(261)	-	(261)
Total comprehensive loss for the year	**-**	**(132,143)**		**22,985**	**(109,158)**	**588**	**(108,570)**
Dividend paid to the non-controlling interest	-	-	-	-	-	(161)	(161)
Share-based payments	-	-	2,064	-	2,064	-	2,064
As at 31 December 2020	**172,260**	**(353,161)**	**4,053**	**32,718**	**(144,130)**	**4,769**	**(139,361)**

The notes on pages 6 to 59 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Results from operating activities		**10,211**	**(32,465)**
Adjustments for:			
Transaction costs		(40,337)	(35,438)
Depreciation of property, plant and equipment and right-of-use asset	*14,25*	21,017	15,176
Amortisation of intangible assets	*13*	51,290	44,216
Gains on disposal of property, plant and equipment and intangible assets		(109)	(15,828)
Increase/(decrease) in provisions	*27*	6,545	(4,928)
(Increase)/decrease in trade and other receivables	*16*	(14,600)	17,188
Increase in trade and other payables	*22*	583,333	248,438
Other non-cash movements		(4,266)	(7,941)
Income taxes paid		(10,220)	(1,293)
Net cash from operating activities		**602,864**	**227,125**
Investing activities			
Interest received		10,446	13,843
Acquisition of subsidiaries, net of cash acquired	*28*	(4,345)	645,522
Proceeds from/(payments for) financial assets at fair value through other comprehensive income		11,418	(56,560)
Proceeds from disposal of investments		578	12,912
Purchase of property, plant and equipment	*14*	(10,561)	(7,046)
Purchase of intangibles	*13*	(30,333)	(3,581)
Proceeds from disposal of property, plant and equipment		26,076	25,233
Net cash from investing activities		**3,279**	**630,323**
Financing activities			
Interest paid		(96,018)	(78,690)
Lease payments	*26*	(37,753)	(9,274)
Repayments of loans and borrowings	*23,24*	(29,699)	(7,352)
Proceeds from loans and borrowings	*23,24*	102,080	737,534
Proceeds from issuance of preference shares		-	41,000
Dividends paid to the non-controlling interest		(765)	(706)
Net cash (used in)/from financing activities		**(62,155)**	**682,512**
Net increase in cash and cash equivalents		**543,988**	**1,539,960**
Cash and cash equivalents at beginning of year		1,563,125	20,633
Effect of foreign exchange rate changes		1,999	2,532
Cash and cash equivalents at end of year		**2,109,112**	**1,563,125**

The notes on pages 6 to 59 form part of these financial statements.

1. Apex Group and its operations

The 'Group' consists of Apex Group Ltd (the 'Company') and all its subsidiaries.

Apex Group Ltd. (the 'Group')
The Group was incorporated as a private company on 2 May 2017 under the laws of Bermuda. Its registered office is 58 Par La Ville Road, Vallis Building, Hamilton, HM 11. The Group carries on business as a provider of fund administration, accounting, registrar and transfer agency, corporate secretarial, and director services to investment funds.

In 2020 the Group acquired Praesidium Advisory Limited ("Praesidium") and Investor Administration Solutions Limited ("IASL"). Praesidium is a UAE based compliance and risk advisory firm whereas IASL is a transfer agency business based in the UK. Praesidium has subsequently changed its name to Apex Compliance Solutions Limited.

Subsidiaries
The Board of Directors have consolidated the results of all subsidiaries, held directly or indirectly as at the reporting date. The subsidiaries are listed below.

Name of direct and indirect subsidiaries	Principal activity	Place of incorporation and operation	% of effective ownership interest and voting power held by the Group in 2020	% of effective ownership interest and voting power held by the Group in 2019
Coppice Holding Limited	Holding company	Cayman Islands	100.00%	-
Apex Compliance Solutions Limited (formerly known as Praesidium Advisory Limited)	Corporate services	United Arab Emirates	100.00%	-
Investor Administration Solutions Limited	Corporate services	United Kingdom	100.00%	-
GC Agile Holdings Limited	Holding company	United Kingdom	100.00%	100.00%
GC Agile Intermediate Holdings Limited	Holding company	United Kingdom	100.00%	100.00%
Emerging Asset Management Ltd (Bermuda)	Fund administration	Bermuda	100.00%	100.00%
EAM (USA) Ltd	Fund administration	United States of America	100.00%	100.00%
Apex Fund Services Holdings Limited (Bermuda)	Holding company	Bermuda	100.00%	100.00%
Equinoxe Alternative Investment Services Holdings Limited (Bermuda)	Holding company	Bermuda	100.00%	100.00%
Equinoxe Alternative Investment Services (Asia) Pte. (Singapore) – In liquidation	Fund administration	Singapore	100.00%	100.00%
Apex Insurance Fund Services Ltd	Fund administration	Bermuda	100.00%	100.00%
Equinoxe AIS Malta Holdings Limited (Malta)	Holding company	Malta	100.00%	100.00%
Equinoxe AIS Malta Limited (Malta)	Fund administration	Malta	100.00%	100.00%
Apex Holdings HK Limited	Holding company	Hong Kong	100.00%	100.00%
Lobra-2 S.a.r.l	Holding company	Luxembourg	100.00%	100.00%
European Depositary Bank S.A.	Banking	Luxembourg	100.00%	100.00%
Quint:Essence Capital S.A.	Management Company	Luxembourg	20.00%*	20.00%*
Nestor Investment Management S.A.	Management Company	Luxembourg	51.00%	51.00%

1. Apex Group and its operations (continued)

Name of direct and indirect subsidiaries	Principal activity	Place of incorporation and operation	Proportion of effective ownership interest and voting power held by the Group in 2020	Proportion of effective ownership interest and voting power held by the Group in 2019
Apex Managers Ltd	Holding company	Bermuda	100.00%	100.00%
Apex Managers HK Ltd	Holding company	Hong Kong	100.00%	100.00%
Augur Financial Holdings V S.A.	Holding company	Luxembourg	88.00%	88.00%
LRI Invest S.A.	ManCo Services	Luxembourg	100.00%	100.00%
Apex Consolidation Entity Ltd	Holding company	United Kingdom	100.00%	100.00%
Apex Fund Services (Mauritius) Limited	Fund administration	Mauritius	100.00%	100.00%
Apex Fund Services (Cayman) Ltd	Fund administration	Cayman Islands	100.00%	100.00%
Apex Fund Services (UK) Ltd	Fund administration	United Kingdom	100.00%	100.00%
Apex Fund Services (IOM) Ltd	Fund administration	Isle of Man	100.00%	100.00%
Apex Asia Group	Holding company	Cayman Islands	100.00%	100.00%
Apex Fund Services (Singapore) Pte. Ltd	Fund administration	Singapore	100.00%	100.00%
Apex Fund Corporate Services Pte. Ltd	Corporate services	Singapore	100.00%	100.00%
Apex Fund Services (Australia) Pty Ltd	Fund administration	Australia	100.00%	100.00%
Apex Fund Services (HK) Limited	Fund administration	Hong Kong	100.00%	100.00%
Apex Fund Services Ltd	Fund administration	Bermuda	100.00%	100.00%
Apex Fund Services (Jersey) Limited (in liquidation)	Fund administration	Jersey	100.00%	100.00%
Apex Fund Services (Guernsey) Limited (in liquidation)	Fund administration	Guernsey	100.00%	100.00%
Evander Corporate Limited	Corporate Services	Mauritius	100.00%	100.00%
Apex Fund Services LLP	Preparation of financial statements	India	100.00%	99.97%
Apex Investment Consulting (Shanghai) Limited	Fund administration	China	100.00%	100.00%
Apex Administrative Consultancy Saudi Arabia Ltd	Dormant entity	Saudi Arabia	75.00%	75.00%
Apex Corporate Services Ltd	Corporate services	Bermuda	100.00%	100.00%
Apex Fund Services (Uruguay) S.A.	Fund administration	Uruguay	100.00%	100.00%
Apex Middle Office Solutions Ltd	Middle Office Services	Bermuda	100.00%	100.00%
Apex ME Holdings Ltd	Holding company	Cayman Islands	100.00%	100.00%
Apex Financial Outsourcing Services Ltd	Middle Office Services	Bermuda	100.00%	100.00%
Apex Fund Services (Canada) Ltd	Fund administration	Canada	100.00%	100.00%
Apex Fund Services (Dubai) Ltd	Fund administration	United Arab Emirates	100.00%	100.00%
Apex Fund Services (AD) Limited	Fund administration	United Arab Emirates	100.00%	100.00%
Apex Fund Services (Bahrain) WLL	Fund administration	Bahrain	98.56%	98.56%
Apex Co Services (Cyprus) Ltd	Corporate services	Cyprus	100.00%	100.00%
Apex Fund Services (Malta) Limited	Fund administration	Malta	99.99%	99.99%
Apex Fund Services S.A.	Fund administration	Luxembourg	100.00%	100.00%
Apex Fund Services (Japan) Representative Office	Representative office	Japan	100.00%	100.00%
Apex Fund Company Services Limited	Treasury services	Ireland	98.00%	98.00%

1. Apex Group and its operations (continued)

Name of direct and indirect subsidiaries	Principal activity	Place of incorporation and operation	Proportion of effective ownership interest and voting power held by the Group in 2020	Proportion of effective ownership interest and voting power held by the Group in 2019
Apex Corporate Services (Ireland) Limited	Corporate services	Ireland	100.00%	100.00%
Apex Fund Services (Ireland) Limited	Fund administration	Ireland	99.99%	99.99%
Apex Corporate & Advisory Services Ltd	Corporate services	Malta	99.99%	99.99%
Apex IFS Limited	Corporate services	Ireland	100.00%	100.00%
Apex TSI Limited	Corporate services	Ireland	100.00%	100.00%
Apex Foundation Ltd	Not for profit	Bermuda	100.00%	100.00%
Apex ESG Ratings Ltd	ESG ratings	Bermuda	100.00%	100.00%
Apex US Holdings Ltd	Holding company	UK	100.00%	100.00%
Apex US Holdings LLC	Holding company	United States of America	100.00%	100.00%
Apex Fund Services (SFO) LLC	Fund administration	United States of America	100.00%	100.00%
Apex Fund Services (Charlotte) LLC	Fund administration	United States of America	100.00%	100.00%
Atlantic Fund Administration LLC	Fund administration	United States of America	100.00%	100.00%
Apex Fund and Custody Services LLC	Fund administration	United States of America	100.00%	100.00%
Apex Fund Tax Services LLC	Tax services	United States of America	100.00%	100.00%
Apex Fund Services (Atlanta) LLC	Fund administration	United States of America	100.00%	100.00%
Broadscope Fund Administrators LLC	Fund administration	United States of America	100.00%	100.00%
Atlantic Consulting LLC	Consulting Services	United States of America	100.00%	100.00%
Atlantic Shareholder Services LLC	Fund administration	United States of America	100.00%	100.00%
The ID Register (Holdings) Limited (in liquidation)	Holding company	Cayman Island	100.00%	100.00%
Ivy Topco Limited	Holding company	Guernsey	100.00%	100.00%
Ivy Midco 1 Limited	Holding company	Guernsey	100.00%	100.00%
Ivy Midco 2 Limited	Holding company	Guernsey	100.00%	100.00%
Ivy Bidco Limited	Holding company	Guernsey	100.00%	100.00%
IPES Holdings Limited (in liquidation)	Holding company	Guernsey	100.00%	100.00%
IPES Depositary Limited	Holding Company	United Kingdom	100.00%	100.00%
IPES Director Services Limited	Holding Company	Guernsey	100.00%	100.00%
IPES Investor Services Limited	Holding Company	Guernsey	100.00%	100.00%
IPES Administration Limited	Holding Company	United Kingdom	100.00%	100.00%
Apex Fund and Corporate Services (UK) Limited	Fund administration	United Kingdom	100.00%	100.00%
Apex Fund and Corporate Services (Guernsey) Limited	Fund administration	Guernsey	100.00%	100.00%
Apex Trustees Limited	Trustee services	Guernsey	100.00%	100.00%
Apex Nominees Limited	Nominee services	Guernsey	100.00%	100.00%

1. Apex Group and its operations (continued)

Name of direct and indirect subsidiaries	Principal activity	Place of incorporation and operation	Proportion of effective ownership interest and voting power held by the Group in 2020	Proportion of effective ownership interest and voting power held by the Group in 2019
Victoria Plaza Ltd	Trustee services	Guernsey	100.00%	100.00%
Apex Fund and Corporate Services (Jersey) Limited	Fund administration	Jersey	100.00%	100.00%
FB Nominees Limited	Trustee services	United States of America	100.00%	100.00%
Apex Depositary (UK) Limited	Depositary services	United Kingdom	100.00%	100.00%
Apex Director Services (Guernsey) Limited	Director services	Guernsey	100.00%	100.00%
Apex Director (Guernsey) Limited	Director services	Guernsey	100.00%	100.00%
IPES (Ireland) Limited (in liquidation)	In liquidation	Ireland	100.00%	100.00%
The ID Register (Ireland) Limited)in liquidation)	Director services	Ireland	100.00%	100.00%
Custom House Holdings Malta Limited	Holding company	Malta	100.00%	100.00%
Custom House Global Fund Services Limited	Fund administration	Malta	99.99%	99.99%
Custom House Central Services Ltd	Middle Office	Malta	99.99%	99.99%
Custom House Fund Services (Netherlands) B.V.	Fund administration	Netherlands	100.00%	100.00%
Custom House Fund Services (Ireland) Limited	Fund administration	Ireland	100.00%	100.00%
Apex Fund Services (Chicago) LLC	Fund administration	United States of America	100.00%	100.00%
Custom House Fund Services (Singapore) Pte Limited	Fund administration	Singapore	100.00%	100.00%
The Nascent Fund SICAV Plc.	In liquidation	Malta	99.99%	99.99%
The Nascent Fund SPC.	In liquidation	Cayman Island	100.00%	100.00%
Custom House Fund Services (Hong Kong) Limited.	Fund administration	Hong Kong	100.00%	100.00%
Custom House Fund Services Bulgaria EOOD	Fund administration	Bulgaria	100.00%	100.00%
Apex Fund Services (Sydney) Pty Limited	Fund administration	Australia	100.00%	100.00%
Apex Corporate Services (Schweiz) GmbH	Corporate Services	Switzerland	100.00%	100.00%
Apex Hungary Corporate Services LLC	Corporate Services	Hungary	100.00%	100.00%
Apex Financial Services (Jersey) Limited	Holding co / Employing co	Jersey	100.00%	100.00%
Apex Financial Services (Alternative Funds) Limited	Fund Administrator	Jersey	100.00%	100.00%
Apex Alternative Fund Services (Guernsey) Limited	Trustee Services	Guernsey	100.00%	100.00%
Apex Financial Services (Trust Company) Limited	Trustee & Company Administration Services	Jersey	100.00%	100.00%
Apex Financial Services (Treasury) Limited	Treasury Services	Jersey	100.00%	100.00%
Apex Financial Services (Trustees) Limited	Trustee & Company Administration Services	Jersey	100.00%	100.00%
Forbrit Trustees Limited	Trustee Services	Jersey	100.00%	100.00%
Apex Financial Services (Corporate) Limited	Fund Trustee Services & Custodian	Jersey	100.00%	100.00%
Apex (EP) Limited	Trust Enforcer/Protector Services	Jersey	100.00%	100.00%

1. Apex Group and its operations (continued)

Name of direct and indirect subsidiaries	Principal activity	Place of incorporation and operation	Proportion of effective ownership interest and voting power held by the Group in 2020	Proportion of effective ownership interest and voting power held by the Group in 2019
Apex Financial Services (Secretaries) Limited	Secretarial Services	Jersey	100.00%	100.00%
Buri Leasing Limited	Special Purpose Vehicle	Jersey	100.00%	100.00%
Forbrit Corporate Director 1 Limited	Corporate Director Services	Jersey	100.00%	100.00%
Forbrit Corporate Director 2 Limited	Corporate Director Services	Jersey	100.00%	100.00%
Seaton Trustee Services Ltd	Trustee Services	Jersey	100.00%	100.00%
Apex Financial Services (Nominees) Limited	Nominee Services	Jersey	100.00%	100.00%
Apex Financial Services (Nominees 1) Limited	Nominee Services	Jersey	100.00%	100.00%
Apex Financial Services (Nominees 2) Limited	Nominee Services	Jersey	100.00%	100.00%
Apex Financial Services (Nominees 3) Limited	Nominee Services	Jersey	100.00%	100.00%
Apex Financial Services (Foundations) Limited	Foundations Services	Jersey	100.00%	100.00%
Forbrit Corporate Director 3 Limited	Corporate Director Services	Jersey	100.00%	100.00%
Forbrit Corporate Director 4 Limited	Corporate Director Services	Jersey	100.00%	100.00%
Apex Corporate Services Luxembourg S.A.	Corporate Services	Luxembourg	100.00%	100.00%
Immo Guillaume Schneider S.A. (re-named Throgmorton (Luxembourg) SA	Corporate Services	Luxembourg	100.00%	100.00%
Apex Corporate Services S.A.	Corporate Services	Luxembourg	100.00%	100.00%
Apex Financial Services Group B.V.	Corporate Services	Netherlands	100.00%	100.00%
Apex Company Secretarial Services B.V.	Corporate Services	Netherlands	100.00%	100.00%
Apex Administrative Services B.V.	Corporate Services	Netherlands	100.00%	100.00%
Apex Financial Services B.V.	Corporate Services	Netherlands	100.00%	100.00%
Apex Fiduciary Services B.V.	Corporate Services	Netherlands	100.00%	100.00%
Throgmorton UK (No.2)	Corporate Services	United Kingdom	100.00%	100.00%
Throgmorton UK Limited	Corporate Services	United Kingdom	100.00%	100.00%
Throgmorton Secretaries LLP	Corporate Services	United Kingdom	100.00%	100.00%
Throgmorton Services India LLP	Corporate Services	India	100.00%	-
Apex Corporate Trustees (UK) Limited	Corporate Services	United Kingdom	100.00%	100.00%
Apex ASOP Limited	Corporate Services	United Kingdom	100.00%	100.00%
Apex ATL Pension Trustees Limited	Corporate Services	United Kingdom	100.00%	100.00%
Apex Consortium Nominees No.1 Limited	Corporate Services	United Kingdom	100.00%	100.00%
Apex Consortium Nominees No 2 Limited	Corporate Services	United Kingdom	100.00%	100.00%
Apex Consortium Nominees No. 3 Limited	Corporate Services	United Kingdom	100.00%	100.00%
White City Property Trustees Limited	Corporate Services	United Kingdom	100.00%	100.00%
Apex Pension Trustee Company (1997) Limited	Corporate Services	United Kingdom	100.00%	100.00%
White City Property Nominee Limited	Corporate Services	United Kingdom	100.00%	100.00%
Apex Pension Secretariat Limited	Corporate Services	United Kingdom	100.00%	100.00%
Apex Pension Trustees Limited	Corporate Services	United Kingdom	100.00%	100.00%
Apex Trust Nominees No. 1 Limited	Corporate Services	United Kingdom	100.00%	100.00%
Apex Trust Nominees No. 2 Limited	Corporate Services	United Kingdom	100.00%	100.00%
Apex Corporate Services (UK) Limited	Corporate Services	United Kingdom	100.00%	100.00%

1. Apex Group and its operations (continued)

Name of direct and indirect subsidiaries	Principal activity	Place of incorporation and operation	Proportion of effective ownership interest and voting power held by the Group in 2020	Proportion of effective ownership interest and voting power held by the Group in 2019
Apex Trust Corporate Limited	Corporate Services	United Kingdom	100.00%	100.00%
Apex Trust Secretaries Limited	Corporate Services	United Kingdom	100.00%	100.00%
Pacific Quay Nominees No. 1 Limited	Corporate Services	United Kingdom	100.00%	100.00%
Pacific Quay Trustees No. 1 Limited	Corporate Services	United Kingdom	100.00%	100.00%
Royal Exchange Trust Company Limited	Corporate Services	United Kingdom	100.00%	100.00%
Royal Exchange Trustee Nomineees Limited	Corporate Services	United Kingdom	100.00%	100.00%
Apex Fund and Corporate Services (France)	Fund Administration	France	100.00%	-
Apex Fund and Corporate Services (Canada) Inc.	Holding Company	Canada	100.00%	-

2. Basis of consolidation and preparation

a) Statement of compliance

These statutory consolidated financial statements, herein referred to as financial statements, have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board.

b) Going concern

The consolidated financial statements have been prepared using accounting principles applicable to a going concern, which contemplates the realisation of the Group's assets and the satisfaction of liabilities and commitments in the normal course of business. During the year ended 31 December 2020, the Group recorded a loss for the year of $131,398k (2019: $151,782k) mainly resulting from the interest costs incurred and other transaction based fees. Substantial revenue growth through realisation of the business model and operational synergies impacting cost efficiencies are expected in the coming years. After making appropriate enquiries, the Directors are confident that the Group will have sufficient cash flows based on the realisation of its business model to meet its obligations, as and when they fall due, for at least twelve months from the date of approval of these consolidated financial statements.

In completing their assessment of the assumptions, the Directors have considered the following aspects in determining the Group's viability to support the preparation of the financial statements on a going concern basis:

- The assessment of applicable financial and reporting covenants on Group financing and loan facilities and the associated headroom during the relevant period;
- The availability of immediate financing through its revolving commitment facility (see note 23) to manage liquidity during the relevant period;
- The regulatory capital requirements required by operating entities within the Group and the forecasted compliance with these requirements during the relevant period;
- The Group's ability to manage liquid assets within the Group whilst maintaining relevant regulatory compliance;
- The identification of additional mitigating actions available to the Directors / management to manage the Group under stressed scenarios;
- Quantification and assessment of the Group's reliance on completion of acquisitions in the applicable period;
- The Group's exposure to macro-economic fluctuations, such as interest rate risk, FX risk, capital market volatility.

c) COVID-19

Overview

A year had passed since the initial outbreak of the coronavirus ("COVID-19") pandemic in March 2020 and the world economies have gradually adapted to the subsequent large scale restrictions on civil movements and economic activities. The asset markets, after experiencing sharp falls at the beginning of the crisis, have since recovered to pre-pandemic level due to the large scale stimulus packages introduced by the major central banks around the world. Consistent with the assessment carried out in prior year, Apex management believe the Group should remain fairly insulated from the downside volatility in assets prices due to most contracts having a fixed and minimum fee amounts. As markets have recovered and in some cases even back to record high, NAV based variable fees is recovering from the low at the beginning of the outbreak.

Business continuity planning

Despite the pandemic has been ongoing for nearly a year lockdowns and restrictions continue to be imposed by governments around the globe. The vast majority of Apex staff continue to work from home as part of the BCP and compliance measures. Businesses, including Apex, have largely adapted to this new phenomenon. The fact that business continues to operate uninterruptedly shows that the strategy works and enables us to continue to service our clients effectively. This also further enable the Group to more effectively offshore its resources and implement its staff relocation strategy in order to deliver the synergies outlined in the business plan.

2. Basis of consolidation and preparation (continued)

In general however Apex has experienced some time delays and drag on results during 2020. This mainly came about as investors were unwilling to commit cash to fund launches hence delayed them into 2021 (rather than abandoning). On the cost side, the working from home strategy as well as proving the offshoring capability has also meant recruiting delays which has impacted the phasing (if not the planned magnitude) of our staff relocations.

d) Basis of measurement and consolidation

The consolidated financial statements have been prepared on the historical cost basis as modified by the recognition of certain financial assets and liabilities measured at fair value.

The financial statements incorporate the financial statements of Apex Group Ltd and its subsidiary undertakings made up to 31 December 2020, with comparative figures made up to 31 December 2019. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its investment and has the ability to use its power to affect its returns. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

Where necessary, in preparing these consolidated financial statements, appropriate adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. The significant accounting policies adopted by the Group are set out in note 4.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Non-controlling interests in the acquiree that represent ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, may be initially measured either at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on an acquisition-by-acquisition basis. All other components of non-controlling interests shall be measured at their acquisition date fair values, unless another measurement basis is required. After initial recognition, non-controlling interests in the net assets consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Company's owners' equity therein. Non-controlling interests in the profit or loss and other comprehensive income of consolidated subsidiaries are also disclosed separately. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

e) Functional and presentation currency

Foreign currency transactions are translated into the functional currency of each reporting entity using the exchange rate prevailing at the date the transactions took place.

Exchange differences arising on the settlement and on the re-translation of monetary items are dealt with in profit or loss. Foreign exchange gains and losses are included within operating profit, classified within administrative expenses, except in the case of significant exchange differences arising on investing or financing activities, which are classified within investment income, investment losses or finance costs as appropriate.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group are translated into United States dollar using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising are recognised through other comprehensive income.

3. Critical accounting judgments and key sources of estimation uncertainty

Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments, which have a significant effect on the amounts recognised in the financial statements:

- *Recognition of deferred tax assets*

  Judgments

  Deferred tax assets are recognised for all unused tax losses to the extent it is probable that taxable profit will be available, against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies The carrying value of recognised tax losses at the end of the reporting period was $13,399k (2019: $nil).

  Further details in respect of recognition of deferred tax assets is set out in note 11.

- Share-based payment

  Judgments

  The value of the share-based payment charge recognised over time (Note 20) has a material effect on the financial statements. There are a number of methods considered by management to determine the enterprise value underpinning this charge. Management determined that the most appropriate method to follow was that of a multiple of earnings approach as it best reflects the method by which the market typically values a business such as Apex. The multiple applied was derived from both internal and external data. Further the determination of the enterprise value is dependent on forecasts of the Group's financial performance and earnings – this included an expectation of securing future acquisitions that were in process but not yet completed. This expectation was the main driver for the significant increase in exercise price in September 2020 as disclosed in Note 20.

4. Significant accounting policies

Set out below are the principal accounting policies that have been applied during the period.

(a) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the entity transfers the financial asset and the transfer qualifies for de-recognition.

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

(i) Financial assets measured at amortised cost

Financial assets measured at amortised cost comprise loans and advances to credit institutions and banking customers and trade and other receivables.

Financial assets are classified as measured at amortised cost when the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income (‘FVTOCI’) comprise debt securities and other fixed income securities.

Financial assets are classified as measured at FVTOCI when the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

4. Significant accounting policies (continued)

(iii) Impairment of financial assets

At each reporting date the Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost and at FVTOCI. In establishing the appropriate amount of loss allowance to be recognised, the Group applies either the general approach or the simplified approach, depending on the nature of the underlying group of financial assets.

Expected credit losses are measured as a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Exposure at default is represented by the assets' gross carrying amount at the reporting date.

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL (expected credit losses) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current, as well as the forecast, direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(iv) Derivative financial instruments

Derivative financial instruments are measured at fair value, with changes in fair value being recognised through profit or loss ('FVTPL')

(v) Other financial liabilities

All other financial liabilities are measured at amortised cost using the effective interest method.

(vi) Shares issued by the Company

Ordinary shares issued by the Company are classified as equity instruments. Preference shares are classified as equity instruments if they meet the definition of equity in terms of IAS 32.

Redemptions or refinancing of equity instruments are recognised as changes in equity.

4. Significant accounting policies (continued)

(vii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and term deposits. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

The Group carries out a range of regulated activities. Where local regulation requires companies to maintain regulatory cash balances, these assets are treated as ring-fenced for operational purposes, and are monitored and managed separately to cash maintained for the working capital requirements of the business.

It is Group's policy that all subsidiaries must comply with local regulatory requirements surrounding the management of cash.

(b) Property and equipment

The Group's property and equipment consist of the following classes of assets: computer equipment, furniture and fittings, office equipment motor vehicle and leasehold improvement. These are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property and equipment is recognised as an expense when incurred. Capital and work in progress is recognised at cost, and transferred to other classes of property and equipment once the items of property and equipment become available for use.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value.

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Computer equipment	3-5 years
Furniture and fittings	3-10 years
Office equipment	3-10 years
Motor vehicle	4-6 years
Leasehold improvement	3-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(c) Intangible assets

i) Intangible assets acquired separately

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets acquired separately by the Group are initially measured at cost and subsequently stated net of the accumulated amortisation and impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

4. Significant accounting policies (continued)

i) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date.

Intangible assets consist of customer lists, computer software and non-compete agreements.

ii) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Customer lists	7-20 years
Non-compete agreement	3 years
Computer Software	3-10 years

(d) Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities include the present value of the following lease payments:

- Fixed payments, less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be determined, the Group's incremental borrowing rate (i.e. the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions) is used.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets are measured at cost which comprise the following:

- The initial measurement of lease liability;
- Lease payments made at or before the commencement date (less lease incentives received);
- Initial direct costs; and
- Restoration costs.

Subsequently, the right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

4. Significant accounting policies (continued)

Extension and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Group as lessor

Where the Group is a lessor, it determines at inception whether the lease is a finance or an operating lease. When a lease transfers substantially all the risks and rewards of ownership of the underlying asset then the lease is a finance lease; otherwise the lease is an operating lease.

The Group's lessor activities are not considered material as it primarily involves sub-letting office desks to clients.

(e) Impairment of non-financial assets

The carrying amount of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4. Significant accounting policies (continued)

(f) Revenue recognition

The Group's revenue streams comprise primarily of fees for the provision of fund administration, accounting, registrar and transfer agency, corporate secretarial and director services to investment funds and depository services. The majority of contracts stipulate a fixed fee, or are on a minimum fee basis, with variable fee chargeable on certain services depending on contractual agreements.

Revenue is measured at the transaction price excluding value added tax and other sales taxes. For the Group's significant revenue streams, the transaction price is, in the main, determined with reference to fixed fee contracts.

The transaction price is allocated to each performance obligation based on the individual selling price of each performance obligation. Revenue is recognised when the Group's performance obligations have been satisfied and the following criteria have been met:

- the parties to the contract have approved the contract;
- the Group can identify each party's rights regarding the services to be transferred;
- the Group can identify the payment terms for the services to be transferred;
- the contract has commercial substance; and
- it is probable that the Group will collect the consideration for the services transferred.

The Group's most significant revenue stream is derived from fund administration services. Whilst the particular services provided vary for each customer, typical services would include:

- Daily administration/support functions;
- NAV calculations; and
- Ensuring compliance with applicable laws and regulations.

The Group concluded that most of the Group's performance obligations are satisfied over time as the customer simultaneously receives and consumes the benefits from the services provided by the Group. Revenue for these services are therefore recognised on a time spent basis as the performance obligations are satisfied over time.

Company set up fees primarily relate to the non-refundable upfront fees charged to clients for the assistance provided in relation to company formation. Revenue is recognised at the point when the Group is contractually appointed by clients to provide the relevant service.

The revenue recognition for accounting income, corporate secretarial fees and middle office services is in line with that set out above for fund administration services, due to the nature of the on-going service provided to clients.

Custodian fees primarily relate to depositary and custody fees earned from clients. The performance obligation is the safeguarding of the assets held. Fees are typically charged on a basis point of assets under depositary/custody. There is no subjectivity in calculating the monthly revenue earned, even though it may be variable month on month due to the changing value of assets held.

Revenue is recognised when the Group satisfies the performance obligation, which is on a monthly basis.

Customers are billed periodically, in accordance with the terms specific to the contract, and payment terms are typically 30 days from the date the invoice.

Contract assets represent the billable provision of services which have been rendered and where performance obligations have been met but clients have not been invoiced at the reporting date. Contract assets are recorded based on agreed fees to be billed in arrears and time spent as performance obligations are met, based on charge-out rates in force at the work date, less any specific provisions against the value of contract assets where recovery may not be made in full.

Contract liabilities consists of payments received in advance of revenue recognition from the Group's professional services.

4. Significant accounting policies (continued)

(g) Employee benefits

i) Defined contribution plans

The Group contributes towards the defined contribution pension plans for its employees in accordance with local legislation and for which it has no commitment beyond the payment of the fixed contribution. Contributions are recognised as an expense as they fall due.

Provisions made by certain subsidiaries to cover their obligations under the employees' terminal benefits are recognised in profit or loss and other comprehensive income.

ii) Employee entitlements to annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for unconsumed leave as a result of services rendered by employees up to the reporting date, if material.

iii) Staff terminal benefits – Dubai subsidiary

In compliance with the DIFC Employment Law No. 4 of 2005 (Dubai), the Dubai subsidiary has a termination gratuity benefit scheme covering all of its salaried employees who have been employed with the subsidiary for more than one year.

Provisions made to cover the obligation under the employees' terminal benefits are recognised to the statement of profit or loss.

iv) Expatriate employees – Bahrain subsidiary

Expatriate employees are entitled to leaving indemnities payable under Bahrain Labour Law for the Private Sector – Law no. (36) of 2012, based on the length of service and final remuneration and other allowances paid. Provision for this unfunded commitment, which represents a defined contribution scheme under IAS 19 - Employee benefits, has been made by calculating the notional liability had all employees left at the reporting date.

v) Under The Employment Rights Act 2008 – Mauritius subsidiary

Employees of the Mauritius subsidiary are entitled to the Retirement Gratuities payable under the Employment Rights Act (ERA). The present value of retirement benefits under the Employment Right Act 2008 is recognised in the statement of financial position as a non-current liability and is computed as stipulated in the Act.

(h) Taxation

Current and deferred tax is recognised in the statement of profit or loss and other comprehensive income, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

4. Significant accounting policies (continued)

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(i) Dividends

Dividends to holders of equity instruments are recognised as liabilities in the period in which they are declared, and are recognised directly in equity.

(j) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the statement of profit or loss and other comprehensive income.

ii) Foreign operations

The assets and liabilities of foreign operations are translated to United States dollar at exchange rates at the reporting date. The income and expenses of foreign operations are translated to United States dollar at exchange rates at the dates of the transactions.

4. Significant accounting policies (continued)

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(l) Share-based payments

Share-based payment transactions of the Company

Equity settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity settled share-based transactions are set out in note 20.

The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight□line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(m) Business combinations

Business combinations are accounted for using the acquisition accounting method as at the acquisition date, which is the date at which control is transferred to the Group.

Goodwill is measured at the acquisition date as the fair value of consideration transferred, plus non-controlling interests and the fair value of any previously held equity interests less the net recognised amount (which is generally fair value) of the identifiable assets and liabilities assumed.

Goodwill is subject to an annual review for impairment (or more frequently if necessary) in accordance with our accounting policies. Any impairment is charged to the income statement as it arises. Detailed information relating to goodwill is provided in note 12.

Transaction costs are expensed as incurred.

5. Adoption of new and revised International Financial Reporting Standards

Adoption of new and revised International Financial Reporting Standards

The following standards issued by the International Accounting Standards Board became effective for the current year:

Amendments to IFRS 3 *Definition of a business*

The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

Amendments to IAS 1 and IAS 8 *Definition of material*

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The Group has adopted IAS 1 and IAS 8 from 1 January 2020 which did not result in any adjustments to the amounts recognised in the financial statements upon transition, nor has it led to any changes to the timing of revenue recognition within the current reporting period.

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Group has adopted the amendments to references to the conceptual framework from 1 January 2020 which did not result in any adjustments to the amounts recognised in the financial statements upon transition, nor has it led to any changes to the timing of revenue recognition within the current reporting period.

5. Adoption of new and revised International Financial Reporting Standards (continued)

International Financial Reporting Standards in issue but not yet effective

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Group's financial statements:

		Effective date
Amendments to IAS 16	*Covid 19-Related Rent Concessions beyond 30 June 2021*	1 Apr 2021
Amendments to IFRS 3	*Reference to the Conceptual Framework*	1 Jan 2022
Amendments to IAS 16	*Property, Plant and Equipment—Proceeds before Intended Use*	1 Jan 2022
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*	1 Jan 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle	*Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture*	1 Jan 2022
IFRS 17	*Insurance Contracts*	1 Jan 2023
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*	1 Jan 2023

Prior period error

In the consolidated financial statements for 31 December 2019 the Group initially recorded intangible assets relating to customer lists acquired in a foreign operation at the prevailing USD exchange rate for Group reporting. The Group did not retranslate these assets at balance sheet date and include such gains resulting from foreign exchange differences in other comprehensive income.

The impact of the prior period error correction is to increase both customer relationships intangible assets and exchange differences on translating foreign operations in other comprehensive loss as at 31 December 2019 by $12,306k. The split with the non-controlling interests is disclosed in the statement of changes in equity. The carrying amount of other intangible assets reported in 2019 have been restated from $471,008k to $483,314k and the total comprehensive loss for the year have been restated from $155,160k to $142,605k. There has been no impact on the reported loss for the year for 2019, which remains unchanged.

As there is no significant impact arising from this restatement on the opening balance sheet of 2019, a third balance sheet has not been presented within this note.

6. Capital management

Capital managed by the Group comprises equity instruments, further details of which are set out in note 19, and external borrowings, further details of which are set out in notes 23 and 24.

The board's policy is to maintain a strong capital base to sustain future development of the business. The board of Directors monitors the level of dividends to ordinary shareholders. There were no changes in the Group's approach to capital management during the period.

A number of Group companies carry out regulated activities including fund administration services, corporate secretarial services, depositary services, UCITS management company services, alternative investment fund management services, trustee services, corporate director services, management services, nominee services and treasury services. These companies (not the Group itself) are subject to the externally imposed capital requirements, as set out by the relevant regulatory body in the local jurisdictions in which the companies operate. The Group has a set of systems and processes in place to ensure these regulatory requirements are met at all times.

The Group will support subsidiaries, should they require additional resources in order to comply with the prescribed minimum capital requirements in future years.

The Group's banking subsidiary, European Depository Bank SA ('EDB'), which is incorporated in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier ('CSSF'). The requirements of the CSSF for the implementation of an internal capital adequacy assessment process ('ICAAP'), under which EDB also includes the procedural requirements for the assessment of appropriate liquidity, are strictly complied with. EDB also operates a number of overseas branches which have complied with their separate local regulatory requirements.

7. Revenue

	2020 **$'000**	2019 $'000 (restated)
Accounting fees	26,731	7,180
Administration fees	203,896	192,812
Regulatory reporting and compliance fees	22,591	9,555
Disbursements	7,161	2,871
Directors fees	5,693	3,198
Custody and depositary fees	39,606	21,598
Company set up fees	6,225	2,426
Governance services fees	42,421	14,702
Liquidation service fees	1,234	1,001
Business service fees	7,457	5,404
Transaction service fees	29,630	16,577
Middle office service fees	7,868	4,756
Other fees	7,958	13,455
Manco service fees	23,907	22,501
Banking service fees	5,044	1,171
	437,422	**319,207**

During the year ended 31 December 2020 the Group enhanced granularity and aggregated product lines to provide better insight into management reporting. The most material items being 1) the separation of transaction and Manco service fees from being previously aggregated within more general captions and, 2) disaggregation of the general professional fees category.

As a result of this restatement, $22,501k of administration fees in 2019 have been reclassified to Manco service fees and $22,982k of professional fees have been reallocated to transaction, business and liquidation service fees.

Details in respect of contract balances are set out in notes 16 and 22.

8. Interest receivable and similar income

	2020 **$'000**	2019 $'000
Interest receivable and similar income	9,383	13,843
	9,383	**13,843**

9. Other operating income

	2020 **$'000**	2019 $'000
Gains on disposals	686	16,280
Miscellaneous income	-	6,939
Net foreign exchange gains	380	749
	1,066	**23,968**

10. Employee benefit expense

	2020 **$'000**	2019 $'000
Post-employment benefits		
Defined contribution plans	8,199	6,420
Share-based payments (note 20)	2,064	1,469
	10,263	**7,889**

11. Income tax (credit)/expense

Under current Bermuda Law the Company is not required to pay any taxes in Bermuda on either income or capital gains.

The Group's income tax expense relates to income from operations and is attributable to the income tax expense of certain overseas subsidiaries. Overseas subsidiaries provided for taxation at the appropriate rates in the countries in which they operate.

Income and deferred tax expense recognised in profit or loss:

Current tax:	**2020** **$'000**	2019 $'000
Income tax expense	12,905	10,887
Prior year adjustments	(2,493)	-
Total current tax	**10,412**	**10,887**
Deferred tax:		
Deferred tax expense	(8,645)	(7,374)
Prior year adjustment	(1,807)	(2,593)
Total deferred tax	**(10,452)**	**(9,967)**
Total tax (credit)/expense for the period	**(40)**	**920**

11. Income tax (credit)/expense (continued)

Income tax (credit)/expense for the year can be reconciled to the accounting profit as follows:

	2020 **$'000**	2019 $'000
Loss before tax	(131,438)	(150,862)
Income tax at the standard rate in Bermuda 0% (2019: 0%)	-	-
Effect of overseas tax rate	7,078	4,766
Impact of non-taxable income	(3,314)	(1,601)
Impact of non-deductible expense	496	364
Utilisation of previously unrecognised tax losses	-	(16)
Prior year adjustment	(4,300)	(2,593)
Total tax (credit)/expense for the period	(40)	920

The blended Group tax rate for the year was 12% (2019:12%). The range of tax rates of Group companies was 0% - 35% (2019: 0% - 35%).

The following is the analysis of deferred tax assets/ (liabilities) presented in the consolidated statement of financial position:

	2020 **$'000**	2019 $'000
Deferred tax assets	13,630	530
Deferred tax liabilities	(73,343)	(66,838)
As at 31 December	(59,713)	(66,308)

11. Income tax (credit)/expense (continued)

	2020	2019
	$'000	$'000
At 1 January	(66,308)	(28,230)
Recognised through profit or loss:		
Provisions	193	(335)
Accelerated tax depreciation	(1,019)	559
Customer relationships	(2,121)	5,483
Tax losses	13,399	203
Fair value adjustments	-	4,057
Other	-	(48,045)
Recognised through equity:		
Customer relationships	(1,145)	-
Other	(2,712)	-
As at 31 December	(59,713)	(66,308)

Deferred tax assets/(liabilities) relate to:

	2020	2019
	$'000	$'000
Provisions	(527)	(720)
Accelerated tax depreciation	231	1,250
Customer relationships	(70,104)	(37,773)
Fair value adjustment	-	(1,395)
Goodwill	-	(27,670)
Recognised tax losses	13,399	-
Other	(2,712)	-
As at 31 December	(59,713)	(66,308)

The group recognises deferred tax assets on tax losses in jurisdictions where it has recognised deferred tax liabilities. Deferred tax asset recognition on tax losses is capped at the level of the deferred tax liabilities recognised in each respective jurisdiction.

At the reporting date the Group has unutilised tax losses carried forward of $105,194k (2019: $50,685k)

12. Goodwill

	2020 **$'000**	2019 $'000
Cost		
At 1 January	490,234	183,796
Recognised on acquisition of subsidiaries during the period (note 28)	2,252	307,261
Recognised on acquisition of subsidiaries related to prior period (note 28)	3,378	-
Exchange difference on foreign operations	18,149	(823)
At 31 December	**514,013**	**490,234**

No impairment losses were recognised either during the current or previous period.

Allocation of goodwill to Cash-Generating Units (CGUs)

The carrying amount of goodwill has been allocated to CGUs as follows:

	2020 **$'000**	2019 $'000
Fund solutions	298,131	292,334
Financial solutions	62,440	59,653
Corporate solutions	153,442	138,247
	514,013	**490,234**

In accordance with the Group's accounting policy, the carrying value of goodwill is not subject to systematic amortisation but is reviewed annually for impairment. The review assesses whether the carrying value of goodwill could be supported by the recoverable amount which is determined through value in use calculations of each cash-generating unit (CGU). The key assumptions applied in the value in use calculations are the discount rates and the projected cash flows. Details are as follows:

Projected cash flows
Projected cash flows are calculated with reference to each CGU's latest budget and business plan which are subject to a rigorous review and challenge process. The plan shows costs fully allocated to cash generating units. Management prepares the budgets through an assessment of historical revenues from existing clients, the pipeline of new projects, historic pricing, and the required resource base needed to service new and existing clients, coupled with their knowledge of wider industry trends and the economic environment. Specific assumptions around growth in revenue, salaries and direct costs were applied to each CGU for three years, in line with the Group's equity model.

In preparing the business plans of the CGUs, the overall strategy is to focus on revenue growth strategic initiatives to grow at the top rates in the market, along with tight cost control achieved through role relocation initiatives, IT cost consolidation, and tight cost control over all lines of expenses. The input that is most significant in preparing these plans relates to revenue growth rates. These are set out by CGU below:

	2021	**2022**	**2023**
Fund solutions	14.8%	14.8%	13.0%
Financial solutions	14.7%	15.0%	14.8%
Corporate solutions	8.4%	11.6%	11.6%

12. Goodwill (continued)

Discount rates
For impairment assessment with respect to each CGU, management has used a rate of 14.84% which has been determined by reference to the weighted average cost of capital (WACC) of the Group based on gearing levels expected in the industry. Management believes that the discount rate used reflects current market assessments of the time value of money and the risks specific to the goodwill for which the future cash flow estimates have not been adjusted. In assessing the discount rate applicable to the Group the following factors have been considered:

i. The long-term treasury bond rate for the relevant jurisdiction
ii. The cost of equity based on an adjusted Beta for the relevant industry
iii. The risk premium to reflect the increased risk of investing in equities

Long term growth rates

For the purposes of the Group's value in use calculations, a long-term growth rate in perpetuity of 2% is applied immediately at the end of the 3-year forecast period.

Sensitivity to changes in assumptions

Management has performed sensitivity analysis by stress testing the key inputs into impairment testing model. The Directors are satisfied that any reasonably possible change in the key assumptions on which the recoverable amount of each CGU is based would not cause the aggregate carrying amount to exceed the recoverable amount of the related CGUs.

13. Other intangible assets

Other intangible assets are stated at cost less accumulated amortisation and comprise the following:

	Computer software $'000	Customer relationships $'000	Non-compete $'000	Total $'000
Cost				
At 1 January 2019	**9,438**	**155,810**	**4,417**	**169,665**
Acquired through business combination	7,939	350,678	-	358,617
Additions	4,285	-	-	4,285
Disposals	(677)	-	-	(677)
Exchange difference (restated)	147	12,742	(1)	12,888
At 31 December 2019 (restated)	**21,132**	**519,230**	**4,416**	**544,778**
Acquired through business combination	-	2,252	-	2,252
Additions	30,333	-	-	30,333
Disposals	(526)	-	-	(526)
Exchange difference	1,857	12,288	138	14,283
At 31 December 2020	**52,796**	**533,770**	**4,554**	**591,120**
Amortisation				
At 1 January 2019	**1,239**	**15,420**	**907**	**17,566**
Amortisation for the period	3,616	39,435	1,165	44,216
Disposal	(308)	-	-	(308)
Exchange difference	(46)	1	35	(10)
At 31 December 2019	**4,501**	**54,856**	**2,107**	**61,464**
Amortisation for the period	5,797	44,462	1,031	51,290
Disposal	(526)	-	-	(526)
Exchange difference	1,011	6,957	237	8,205
At 31 December 2020	**10,783**	**106,275**	**3,375**	**120,433**
Carrying amount				
At 31 December 2020	**42,013**	**427,495**	**1,179**	**470,687**
At 31 December 2019 (restated)	**16,631**	**464,374**	**2,309**	**483,314**

13. Other intangible assets (continued)

The cost and accumulated amortisation of the Group's most material other intangible assets is set out below:

Class of intangible asset	Cost $'000	Accumulated amortisation $'000	Carrying amount $'000	Description
Customer relationships	92,295	(30,376)	61,919	Customer lists recognised on acquisition of Apex Fund Services Holdings Limited.
Customer relationships	46,607	(10,415)	36,192	Customer lists recognised on acquisition of Alternative Fund Services Business - Deutsche Bank AG.
Customer relationships	181,000	(22,625)	158,375	Customer lists recognised on acquisition of Link Group.
Customer relationships	92,692	(17,500)	75,192	Customer lists recognised on acquisition of Ipes Group.

14. Property, plant and equipment

Property and equipment are stated at cost less accumulated depreciation and comprise the following:

	Computer equipment	Office equipment	Furniture and fittings	Leasehold improve-ments	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
At 1 January 2019	**1,499**	**350**	**2,423**	**1,876**	**1**	**6,149**
Acquired through business combination	1,185	203	588	3,451	64	5,491
Additions	5,327	582	4,018	684	87	10,698
Disposal	(154)	(3)	(23)	-	-	(180)
Exchange difference	(133)	(12)	(84)	(169)	(5)	(403)
At 31 December 2019	**7,724**	**1,120**	**6,922**	**5,842**	**147**	**21,755**
Acquired through business combination	-	-	-	-	-	-
Additions	5,581	515	3,266	1,196	3	10,561
Disposal	(3,783)	(284)	(2,475)	-	(120)	(6,662)
Exchange difference	884	20	690	1,098	1	2,693
At 31 December 2020	**10,406**	**1,371**	**8,403**	**8,136**	**31**	**28,347**
Depreciation						
At 1 January 2019	**387**	**40**	**292**	**367**	**-**	**1,086**
Charge for the year	2,873	227	1,942	836	73	5,951
Disposal	(24)	(3)	(7)	-	-	(34)
Exchange difference	(97)	(2)	(43)	49	-	(93)
At 31 December 2019	**3,139**	**262**	**2,184**	**1,252**	**73**	**6,910**
Charge for the year	2,176	584	1,603	1,045	22	5,430
Disposal	(417)	(113)	(87)	-	(67)	(684)
Exchange difference	758	(183)	583	500	2	1,660
At 31 December 2020	**5,656**	**550**	**4,283**	**2,797**	**30**	**13,316**
Carrying amount						
At 31 December 2020	**4,750**	**821**	**4,120**	**5,339**	**1**	**15,031**
At 31 December 2019	**4,585**	**858**	**4,738**	**4,590**	**74**	**14,845**

15. Debt securities held at fair value through other comprehensive income

	2020 $'000	2019 $'000
Sovereign and other supranational debt obligations	403,144	236,734
Credit institutions	48,733	184,360
	451,877	**421,094**

The instruments in this category relate to European Depository Bank ('EDB'). These are securities from the following issuers, which are to be classified as highly rated: Federal Republic of Germany, German federal states or banks domiciled in Germany, in particular development banks, and insurance companies. All instruments in the portfolio are ECB-eligible and have investment grade credit ratings from AA to AAA on the S&P Ratings scale. The residual terms of all instruments in the portfolio are under 4 years.

16. Trade and other receivables

	2020 $'000	2019 $'000
Trade receivables	51,419	48,634
Prepayments	9,866	8,413
Contract assets	51,212	47,598
Other receivables	5,980	6,019
	118,477	**110,664**

During the year contract assets of $nil (2019: $36,001k) was recognised upon business combinations.

17. Cash and cash equivalents

	2020 $'000	2019 $'000
Cash at bank	38,295	68,062
Cash balances at central banks	2,040,985	1,363,640
Payable on demand	29,832	131,423
Cash and cash equivalents	**2,109,112**	**1,563,125**

Cash at bank earns interest at floating rates based on bank deposit rates.

18. Expected credit losses

The measurement of expected credit losses is a function of the probability of default (PD), loss given default (LGD) and the exposure at default (EAD). The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Debt securities held and loans and advances held as part of the Group's banking activities

The Group recognises a loss allowance for expected credit losses on debt securities and loans and advances by applying the general approach. Under the general approach the Group recognises a loss allowance for a financial asset at an amount equal to the 12-month expected credit losses, unless the credit risk on the financial asset has increased significantly since initial recognition, in which case a loss allowance is recognised at an amount equal to the lifetime expected credit losses.

The Group assesses credit quality using a grading system. For Stage 1 instruments, the ECL is based on a period of one year (12M), whereas for Stage 2 instruments the calculation takes into account the respective residual maturity of the instruments (lifetime). Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

Credit quality grading assessment

Within the Group's banking activities, credit risk defines the risk of loss of assets as a result of partial or complete default of asset positions with different characteristics in the form of counterparty, settlement, issuer, investment & shareholder and country risk. Credit risk comprises receivables and credit equivalents from customers and banks as well as securities receivables from issuers. It is assumed with regard to the competences, counterparty limits, issuer limits and credit lines approved in line with the Bank's strategic orientation and subject to compliance with the supervisory regulations.

To limit credit risks, the Management Board has specified limits for money market transactions, foreign currency transactions, securities and derivative transactions.

Debt securities

For instruments in this portfolio (with low default risk), the Group specifies that the assessment of a possible significant increase in credit risk should be based on changes in the rating assigned by S&P (Fitch in 2019). For this purpose, the Group compares the instrument rating at the time of purchase of the instrument with the instrument rating on the reporting date. If there is a negative deviation of 3 or more rating grades (S&P scale) and the instrument rating is worse than A- on the reporting date, the Group considers that there is a significant increase in credit risk. A significant increase in credit risk results in a reclassification of the respective instrument from Stage 1 to Stage 2

Loans and advances

Similar to the procedure for debt securities, the Group also specifies for loans and advances that the credit risk can be assessed on the basis of the internal rating grades assigned. The Group defines that the credit risk of a specific instrument increases significantly if the internal rating is downgraded by 3 or more grades during the annual review. A significant increase in credit risk results in a reclassification of the respective instrument from Stage 1 to Stage 2.

18. Expected credit losses (continued)

Calculation of expected credit losses

Debt securities held and loans and advances to credit institutions

Probability of default

Macroeconomic factors and forward looking data are captured in the underlying S&P ratings, which are used to model the probabilities of default.

The probability of default is defined as a percentage which, depending on the maturity and rating of the respective instrument, indicates the level of probability of default of the respective instrument. The Group has used S&P's instrument ratings, among others, to model the PD. In the Group's view, the availability of S&P's instrument ratings for the majority of the instruments in the portfolio and the type, scope and quality of the rating system were key reasons for this decision.

S&P's instrument ratings have a modular structure and essentially examine or analyse the following factors:
- Structure and finances of the issuer;
- Macroeconomic development and macroeconomic environment; and
- Future-oriented developments in terms of the state, industry or branch of industry.

In the Group’s view, the quality and scope of the information processed in the S&P Instrument Rating with regard to future orientation and macroeconomic developments is sufficient, so that separate modelling of these parameters is not necessary. In order to assign the appropriate PD to the assigned rating grades, the Group uses parameters from Risk Research for the federal government, the federal states and local authorities.

The following table illustrates the assignment of the parameters:

2020 S&P rating grade	1J-PD Federal government, federal states/local authorities[1]	1J-PD Banks
AAA	0.005%	0.030%
AA+	0.005%	0.030%
AA	0.005%	0.030%
AA-	0.009%	0.058%
A+	0.016%	0.058%
A	0.030%	0.058%

2019 Fitch rating grade	1J-PD Federal government, federal states/local authorities[2]	1J-PD Banks
AAA	0.005%	0.030%
AA+	0.009%	0.030%
AA	0.016%	0.058%
AA-	0.108%	0.058%
A+	0.108%	0.108%
A	0.108%	0.108%

18. Expected credit losses (continued)

Loss given default

The default loss rate is defined as the actual pro rata loss of the instrument concerned in the event of a default event. The Group has not implemented an internal model for LGD modelling as it does not have the necessary database. The Group uses external service providers to derive certain risk parameters. The Group uses a risk research model to derive the LGD for sovereigns (federal, state and local authorities) and credit institutions. According to the latest validation, the model provides the following values for LGD for the individual debtor classes:

2020	**Sovereigns**	**Domestic banks**	**Foreign banks**
Unit value		60.00%	75.00%
(AAA)-(AA-)	12.50%	-	-
(A+)-(A-)	15.00%	-	-
(BBB+)-(BBB-)	20.00%	-	-
(BB+)-(B+)	30.00%	-	-

2019	**Sovereigns**	**Domestic banks**	**Foreign banks**
Unit value		60.00%	75.00%
(AAA)-(AA-)	12.50%	-	-
(A+)-(A-)	15.00%	-	-
(BBB+)-(BBB-)	20.00%	-	-
(BB+)-(B+)	30.00%	-	-

Loans and advances to non-financial corporations

Due to the size and the associated immateriality of the portfolio the Group has adopted a highly simplified model for calculating the impairment. As there is insufficient information available to develop a more detailed model, the Group uses expert judgement to assess the expected credit losses for the loans in this portfolio. For loans to companies, the Group uses the internally assigned rating grades from Credarate. These ratings are updated annually and therefore adequately reflect the risk liability of the respective loan.

LGD is assumed to be 100% as a fixed value.

The EAD is also fixed at 100% of utilisation, as the instruments are bullet and have no repayments.

18. Expected credit losses (continued)

Loans and advances to other financial corporations

Credit lines are generally granted as a basis for the instruments in this portfolio. The unused portion must be recorded accordingly as off-balance. These are generally to be taken into account in the impairment model by modelling a credit conversion factor. Due to the lack of a data basis and the relatively small size of the portfolio, a more detailed modelling of the CCF is not carried out; a fixed value of 100% is assumed. Accordingly, the off-balance exposure must be taken fully into account when calculating the impairment.

Probability of default

The PD is presented by means of a confidence interval estimate, taking into account existing instruments and defaults. For this purpose, the instruments available in the portfolio in recent years are compared with the actual defaults - in each case the pure number of observations without taking the respective levels into account. With this confidence interval approach, the Group takes into account the fact that, despite the absence of losses in the past, losses could occur in the portfolio in the future (for example, the observations of recent years may not be representative). Overall, the Group considers the calculation using a confidence interval of 90% to be sufficient and not too conservative; from the Group's point of view, the PD calculated adequately reflects the probability of default within the portfolio.

Due to the lack of a data basis, no further inclusion of macroeconomic factors is made. To take account of the forward-looking approach, the Group will also review the chosen approach annually with an updated data basis.

Loss given default

LGD is assumed to be 100% as a fixed value.

Exposure at default

The EAD is also fixed at 100% of utilisation, as the instruments are bullet and have no repayments.

18. Expected credit losses (continued)

Allowance for expected credit losses measured at an amount equal to 12-month expected credit losses:

Allowance for expected credit losses measured at an amount equal to 12-month expected credit losses:	**Financial asset at Fair Value through Other Comprehensive Income (Investments)**	**Financial assets at amortised cost**	**Financial assets at amortised cost**
	AAA to AA+	**AA to BBB+**	**BBB to BB**
	$'000	**$'000**	**$'000**
As at the date of acquisition by Apex Group	**26**	**35**	**84**
Decrease due to changes in expected exposure at default	3	9	23
Increase due to recognition of new financial assets	7	9	12
Decrease due to derecognition of financial assets (matured transactions)	(21)	(27)	(46)
Loss allowance at 31 December 2019	**15**	**26**	**73**
Decrease due to changes in expected exposure at default	-	(4)	(7)
Increase due to recognition of new financial assets	6	8	5
Decrease due to derecognition of financial assets (matured transactions)	(7)	(3)	(20)
Loss allowance at 31 December 2020	**14**	**27**	**51**
Gross amount (i.e. the contractual amount)	472,408	128,393	16,583
Loss allowance	(14)	(27)	(51)
Carrying amount at 31 December 2020	**472,394**	**128,366**	**16,532**
Gross amount (i.e. the contractual amount)	427,944	110,731	41,934
Loss allowance	(15)	(26)	(73)
Carrying amount at 31 December 2019	427,929	110,705	41,861

Trade and other receivables - non-banking Group companies

At each reporting date the Group recognises a loss allowance for expected credit losses on trade and other receivables by applying the simplified approach. Under the simplified approach the Group always recognises a loss allowance for a financial asset at an amount equal to the lifetime expected credit losses.

18. Expected credit losses (continued)

The majority of revenues relate to fund administration services, professional services, corporate secretarial fees and director fees. Typical billing is on a monthly basis in line with the service provided. Therefore, aside from company set-up fees and termination fees, the accounts receivable balance is deemed to be homogenous and the IFRS 9 provision calculated on historical loss rates. Credit losses for these revenue streams have been calculated using the historical loss rates as follows:

	2020 **$'000**	2019 $'000
Historical write-offs	637	329
Revenue	319,207	96,935
% of revenue	0.20%	0.34%

Receivables relating to fund set-up fees are deemed to be non-homogenous to the rest of the balances as, if the fund is not launched, these fees are less likely to be recovered as the fund will no longer be a client of the Group. As soon as the Treasurer becomes aware that any fund is no longer being launched, receivables on set-up fees are written off immediately.

Receivables relating to terminated/resigned funds are also deemed to be non-homogenous receivables, due to collectability presenting a greater challenge on these balances. As this is on a fund by fund basis, and specific circumstances, it is not appropriate to apply an historical loss rate to these balances. Instead current information is used and the policy is to write off any such receivables as soon as it has been identified that the fund has terminated/resigned.

In all instances, the decision to fully write-off a receivable is assessed on a case-by-case basis.

	2020 **$'000**	2019 $'000
Trade and other receivables at period end	120,665	113,339
Loss allowance	(2,188)	(2,675)
Trade and other receivables, net of loss allowance	**118,477**	**110,664**

The below table sets out the allowance for credit losses.

	ECL **$'000**	**Specific** **$'000**	**Total** **$'000**
At 1 January 2019	**310**	**711**	**1,021**
Acquisition	1,155	127	1,282
Increase in provision	1,338	240	1,578
Reversal of provision	(317)	(742)	(1,059)
Write off	(328)	(1)	(329)
Other	196	-	196
Exchange difference	(14)	-	(14)
At 31 December 2019	**2,340**	**335**	**2,675**
At 1 January 2020	**2,340**	**335**	**2,675**
Increase in provision	-	975	975
Reversal of provision	(500)	(537)	(1,037)
Write off	-	(517)	(517)
Exchange difference	81	11	92
At 31 December 2020	**1,921**	**267**	**2,188**

The Group's trade receivables are not credit rated.

19. Share capital

Ordinary share capital

	2020	2019
	$'000	$'000
At 1 January	92,420	92,420
Conversion during the year	79,840	-
At 31 December	**172,260**	**92,420**

During 2020 the holders of the Convertible Series A Preferred Shares ("preference shares") elected to convert all respective holdings into 290,326 ordinary shares having a par value of $1 each. The authorised ordinary share capital of the Company comprises 349,600,000 (2019: 349,600,000) shares of $1 each.

The issued share capital at 31 December 2020 comprised 1,602,919 (2019: 1,312,593) ordinary shares at a par value of $1 each. All shares in issue are fully paid up. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Preference share capital

	2020	2019
	$'000	$'000
At 1 January	79,840	38,840
Conversion during the year	(79,840)	-
Shares issued during the year	-	41,000
At 31 December	**-**	**79,840**

During 2020, 798,396 preference shares have been converted into ordinary shares with par value of $1 each at a ratio of 2.75:1.

During the prior period the Company issued 410,000 Convertible Series A Preferred Shares at $100 a share with par value of $1 each. The Company is authorised to issue a total of 900,000 preference shares.

20. Share-based payment

Equity settled share option plan

The Company has a share option plan for executives and senior employees of the Group and its subsidiaries. Two types of options are awarded to recipients under the plan: time-vested options and exit vested options.

Time vested options vest in equal proportions on each anniversary of the vesting commencement date, such that 100% of the time vested options shall have vested on the fifth anniversary of the vesting commencement date subject to holder's continuous employment with a Group company through the applicable vesting dates. Exit vested options vest in proportions subject to the level of satisfaction of a market condition and the holder's continuous employment with a Group company at the time of satisfaction of a market condition. Furthermore, all unvested time vested options vest immediately upon occurrence of the market condition attached to the exit vested options provided the holder remains continuously in employment with the Group.

Each share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangements were in existence during the current year:

Type of option	Number	Grant Date	Vesting Commencement Date	Expiry Date	Exercise Price in $	Fair Value at Grant Date $
Time vested options	987	30-Sep-20	30-Sep-20	30-Sep-30	913	150.90
Exit vested options	986	30-Sep-20	30-Sep-20	30-Sep-30	913	150.90
Time vested options	9,203	06-Aug-20	06-Aug-20	06-Aug-30	597	97.27
Exit vested options	9,203	06-Aug-20	06-Aug-20	06-Aug-30	597	97.27
Time vested options	687	28-Feb-20	28-Feb-20	28-Feb-30	580	111.31
Exit vested options	687	28-Feb-20	28-Feb-20	28-Feb-30	580	111.31
Time vested options	1,492	28-Feb-20	28-Feb-20	28-Feb-30	580	116.08
Exit vested options	1,492	28-Feb-20	28-Feb-20	28-Feb-30	580	116.08
Time vested options	746	01-Jan-20	01-Jan-20	01-Jan-30	575	84.05
Exit vested options	746	01-Jan-20	01-Jan-20	01-Jan-30	575	84.05
Time vested options	373	30-Sep-19	30-Sep-19	30-Sep-29	575	89.12
Exit vested options	373	30-Sep-19	30-Sep-19	30-Sep-29	575	89.12
Time vested options	10,256	01-Jul-19	01-Jun-19	01-Jun-29	560	91.02
Exit vested options	10,256	01-Jul-19	01-Jun-19	01-Jun-29	560	91.02
Time vested options	22,332	18-Jun-18	18-Jun-18	30-Sep-27	140	25.40
Exit vested options	20,841	18-Jun-18	18-Jun-18	30-Sep-27	140	25.40
Time vested options	42,885	29-Nov-17	01-Oct-17	30-Sep-27	100	19.87
Exit vested options	42,882	29-Nov-17	01-Oct-17	30-Sep-27	100	19.87

20. Share-based payment (continued)

Details of the share options outstanding during the year are as follows.

	2020		2019	
	Number of share options	Weighted average exercise price (in $)	Number of share options	Weighted average exercise price (in $)
At 1 January	174,064	175.38	166,230	118.46
Granted during the year	24,737	619.21	22,750	561.48
Forfeited during the year	(22,375)	(140.00)	(14,916)	130.00
At 31 December	176,426	242.09	174,064	175.38
Exercisable at the end of the year	36,937		67,330	

Options were priced using a Black-Scholes-Merton model. All the options are expected to be exercised on the expected date for the satisfaction of the market condition relating to share price. For the options that vest before the expected date for the satisfaction of the market condition, it is assumed that the holder has no incentive to early exercise the option and will exercise this option on that very date. Expected volatility is based on the share price volatility of comparable companies.

Inputs into the Model

2020:	Time vested options granted on 30 Sep 2020	Exit vested options granted on 30 Sep 2020	Time vested options granted on 5 Aug 2020	Exit vested options granted on 5 Aug 2020	Time vested options granted on 28 Feb 2020	Exit vested options granted on 28 Feb 2020	Exit vested options granted on 15 Feb 2020	Exit vested options granted on 15 Feb 2020
Grant date share price	911	911	590	590	580	580	579	579
Exercise price	913	913	597	597	580	580	580	580
Expected volatility	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%
Expected option life	2.8	2.8	2.9	2.9	3.3	3.3	3.4	3.4
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%
Risk free interest rate	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%

2019:	Time vested options granted on 30 Nov 2019	Exit vested options granted on 30 Nov 2019	Time vested options granted on 30 Sep 2019	Exit vested options granted on 30 Sep 2019	Time vested options granted on 1 Jul 2019	Exit vested options granted on 1 Jul 2019
Grant date share price	575	575	575	575	560	560
Exercise price	575	575	575	575	560	560
Expected volatility	25%	25%	25%	25%	25%	25%
Expected option life	1.6	1.6	1.8	1.8	2.1	2.1
Dividend yield	0%	0%	0%	0%	0%	0%
Risk free interest rate	3%	3%	3%	3%	3%	3%

20. Share-based payment (continued)

Share options outstanding at the end of the period

The share options outstanding at the end of the year had a weighted average exercise price of $242.09 (2019: $ 175.39), and a weighted average remaining contractual life of 911 days (2019: 1,183 days). The range of exercise prices was from $100 to $913 (2019: $100 to $575).

21. Employee benefits

The Group contributes towards certain pension plans for its employees. The pension expense recognised by the Group in the current period is $8,199k (2019: $6,420k) representing the Group's share of contributions to these plans, the majority of which are defined contribution pension plans.

As at the reporting date, employee benefit liabilities of $2,661k (2019: $2,559k) include the following amounts:

- In compliance with the DIFC Employment Law No. 4 of 2005 in Dubai, the Group has a termination gratuity benefit scheme covering all of the salaried employees of Apex Fund Services (Dubai) Limited who have been employed for more than one year. The cost to cover the obligation under the employees' terminal benefits in the current year is $321k (2019: $328k).

- Expatriate employees are entitled to leaving indemnities payable under Bahrain Labour Law for the Private Sector – Law no. (36) of 2012, based on the length of service, final remuneration and other allowances paid. Provision for this unfunded commitment, which represents a defined contribution scheme under IAS 19 – Employee Benefits, has been made by calculating the notional liability had all employees left at the statement of financial position date and amounts to $61k (2019: $98k).

- Apex Fund Services (Mauritius) Limited also provides for a defined benefit obligation scheme under IAS 19 – Employee Benefits. The provision for this scheme is based on future long-term salary increases and a discount rate as calculated by its actuarial consultants. As at the reporting date, the liability emanating from such scheme amounted to $595k (2019: $577k).

- EDB operates a defined benefit pension scheme on behalf of its employees. At the reporting date the liability outstanding was $648k (2019: $549k).

22. Trade and other payables

	2020	2019
	$'000	$'000
Trade payables	70,701	28,275
Accrued expenses	35,270	24,402
Contract liabilities	14,930	9,013
Salaries and other benefits payable	29,551	16,970
Other payables	4,153	11,443
	154,605	**90,103**

During the year revenue of $9,013k was recognised in profit or loss that related to brought forward contract liabilities.

There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year (2019: none).

During the year contract liabilities of $nil (2019:$8,656k) were recognised upon business combinations.

23. Loan facility

Loan facility at amortised cost

	2020 **$'000**	2019 $'000
Loan facility at amortised cost	1,046,325	1,031,909
Less: Amounts due for settlement within 12 months	(20,656)	(10,355)
Amounts due for settlement after 12 months	**1,025,669**	**1,021,554**

Throughout 2020, the Group had the following loan facilities; (a) $810,000k (2019: $810,000k) of which $780,000k (2019:$780,000k) had been drawn down as at 31 December 2020 and repayments made of $7,800k (2019: $7,225k) and, (b) a GBP facility of £208,588k ($284,931k) (2019:£208,588k, $273,626k) on which repayments have been made of £2,100k ($2,869k) (2019:£1,050k, $1,377k).

The loans are repayable in full by 15 June 2025. Fixed principal repayments and interest are repayable at each fiscal quarter end. The first repayment commenced on 30 September 2018.

The loan facility is repayable as follows:

	2020 **$'000**	2019 $'000
Within one year	20,656	10,355
In the second year	10,656	10,355
In the third year	10,656	10,355
In the fourth year	10,656	10,355
In the fifth year and thereafter	1,003,078	1,003,603
	1,055,702	1,045,023

Terms and conditions of outstanding loans were as follows:

2020 Facilities	**Currency**	**Limit**	**Interest rate**	**Repayment per quarter**	**31-Dec-20**
		$'000		**$'000**	**$'000**
Tranche A Term Loan	$	250,000	7%+LIBOR	625	243,750
Multi-Draw Term Loan	$	410,000	7%+LIBOR	1,025	403,325
Delayed-Draw Term Loan	$	120,000	7%+LIBOR	300	117,900
GBP Term Loan	GBP	284,931	7%+LIBOR	714	280,727
Revolving Commitment	$	30,000	7%+LIBOR	-	10,000
		1,094,931			1,055,702

2019 Facilities	**Currency**	**Limit**	**Interest rate**	**Repayment per quarter**	**31-Dec-19**
		$'000		**$'000**	**$'000**
Tranche A Term Loan	$	250,000	7%+LIBOR	625	246,250
Multi-Draw Term Loan	$	410,000	7%+LIBOR	1,025	407,425
Delayed-Draw Term Loan	$	120,000	7%+LIBOR	300	119,100
GBP Term Loan	GBP	273,626	7%+LIBOR	689	272,248
Revolving Commitment	$	30,000	7%+LIBOR	-	-
		1,083,626			1,045,023

23. Loan facility (continued)

As at 31 December 2020 $10,000k (2019: $nil) was outstanding on the revolving commitment facility.

The effective interest rate used to discount the estimated future cash payments through the expected life of this loan to the carrying amount was 10.08%. As at 31 December 2020, the Group had no accrued interest to be recognised.

The credit facility is secured by a first priority loan on substantially all of the Group's assets, including a pledge on all the shares held by a subsidiary. Furthermore, certain subsidiaries of the Group act as guarantors in connection with the credit facility.

24. Preferred debt

On 2 November 2020 64 PIK notes were issued as fully paid with a nominal value of $1,000k per note. The PIK notes are mandatorily redeemable at par along with accrued dividends on 2 November 2030. Holders of these notes are entitled to annual dividends of 14% (increasing to 15% in 2029, and 16% in 2030), compounding quarterly up until and including on maturity.

The PIK notes do not carry the right to vote.

25. Leases

Right-of-use assets	**Buildings**	**Office equipment**	**Motor vehicles**	**Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cost					
At 1 January 2019	**12,347**	**73**	**-**	**1,880**	**14,300**
Acquired through business combination	33,216	239	431	-	33,886
Additions	27,995	-	365	759	29,119
Disposals	(9,544)	-	-	-	(9,544)
Exchange difference	(111)	-	(4)	(14)	(129)
At 31 December 2019	**63,903**	**312**	**792**	**2,625**	**67,632**
Acquired through business combination	-	-	-	-	-
Additions	39,199	109	865	1,019	41,192
Disposals	(21,775)	-	(49)	-	(21,824)
Exchange difference	3,108	25	(53)	277	3,357
At 31 December 2020	**84,435**	**446**	**1,555**	**3,921**	**90,357**
Accumulated depreciation					
At 1 January 2019	-	-	-	-	-
Charge for the year	8,074	124	196	830	9,224
Exchange difference	65	-	-	(1)	64
At 31 December 2019	**8,139**	**124**	**196**	**829**	**9,288**
Charge for the year	14,287	181	265	853	15,586
Disposals	(1,833)	-	(2)	-	(1,835)
Exchange difference	644	10	17	62	733
At 31 December 2020	**21,237**	**315**	**476**	**1,744**	**23,772**
Carrying amount					
At 31 December 2020	**63,198**	**131**	**1,079**	**2,177**	**66,585**
At 31 December 2019	**55,764**	**188**	**596**	**1,796**	**58,344**

The Group enters into leases in respect of buildings, office equipment and motor vehicles. The lease terms range form 1 – 14 years, with an average lease term of 40 months. The maturity analysis of lease liabilities is presented in note 30.

25. Leases (continued)

Amounts recognised in profit and loss	2020 $'000	2019 $'000
Depreciation expense on right-of-use assets	15,588	9,544
Interest expense on lease liabilities	5,294	3,512
Expense relating to short-term leases	-	155
Expense relating to leases of low value assets	-	103
Expense relating to variable lease payments not included in the measurement of the lease liability	21	61
Income from subleasing right-of-use assets	(903)	(25)
Total recognised in profit and loss	20,000	13,030

Total cash outflow for leases in the period in respect of leases was $5,831k (2019: $9,274k). At 31 December 2020, the Group is committed to $nil (2019: $3k) of short-term lease payments.

Lease liabilities are analysed between:

	2020 $'000	2019 $'000
Current	36,453	13,743
Non-current	37,663	48,620
Total lease liabilities	74,116	62,363

26. Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

		Cash changes		Non-cash changes				
	At 1 January	Acquisition of subsidiaries	Financing cash flows	Foreign exchange movement	New finance leases	Effective interest charge	Other	At 31 December
2020								
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Loan facility	1,031,909	-	(656)	10,679	-	-	4,393	1,046,325
Lease liabilities	62,363	127	(37,753)	2,893	41,192	5,294	-	74,116
Preferred debt	-	-	62,080	2,436	-	1,552	(4,375)	61,693
	1,094,272	127	23,671	16,008	41,192	6,846	18	1,182,134
2019								
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Loan facility	279,579	-	730,182	8,399	-	4,265	9,484	1,031,909
Lease liabilities	14,300	35,708	(9,274)	-	18,053	3,512	64	62,363
	293,879	35,708	720,908	8,399	18,053	7,777	9,548	1,094,272

27. Provisions

	Contingent consideration $'000	Contingent liability $'000	Dilapidation provision $'000	Legal provision $'000	Other provisions $'000	Total $'000
At 1 January 2019	**11,330**	**-**	**-**	**-**	**-**	**11,330**
Acquired through business	20,550	2,769	833	-	3,165	27,317
combinations (note 28)	-	-	-	1,000	-	1,000
Legal provision	(1,931)	(1,506)	-	-	-	(3,437)
Releases	-	-	-	-	522	522
Increase in the year						
At 31 December 2019	**29,949**	**1,263**	**833**	**1,000**	**3,687**	**36,732**
Acquired through business combinations (note 28)	4,060	-	-	-	-	4,060
Legal provision	-	-	-	-	-	-
Releases	(13,208)	(1,263)	(505)	(1,000)	-	(15,976)
Increase in the year	15,881	-	608	-	5,896	22,385
Exchange difference	-	-	-	-	849	849
At 31 December 2020	**36,682**	**-**	**936**	**-**	**10,432**	**48,050**

2020

	Contingent consideration $'000	Contingent liability $'000	Dilapidation provision $'000	Legal provision $'000	Other provisions $'000	Total $'000
Analysed as:						
Current	35,557	-	373	-	10,432	46,362
Non-current	1,125	-	563	-	-	1,688
	36,682	**-**	**936**	**-**	**10,432**	**48,050**

2019

	Contingent consideration $'000	Contingent liability $'000	Dilapidation provision $'000	Legal provision $'000	Other provisions $'000	Total $'000
Analysed as:						
Current	13,353	1,263	120	1,000	3,687	19,423
Non-current	16,596	-	713	-	-	17,309
	29,949	**1,263**	**833**	**1,000**	**3,687**	**36,732**

The contingent consideration represents the estimated fair value in relation to the acquisition of Alternative Fund Services Business of Deutsche Bank, Broadscope Fund Administrator, Beacon Fund Services (Bermuda) Ltd and Atlantic Fund Services, as further explained in note 28.

The Group is subject to a litigation in the ordinary course of its business during the year. This litigation is not expected to result in material liability for the Group. The Group recognises provisions for liabilities when it is more likely than not that a settlement will be required and the value of such a payment can be reliably estimated.

28. Acquisition of subsidiaries

Current year acquisitions

During 2020 the Group acquired Praesidium Advisory Limited ("Praesidium") and Investor Administration Solutions Limited ("IASL"). Praesidium is a UAE based compliance and risk advisory firm whereas IASL is a transfer agency business based in the UK.

The Group completed the acquisitions for aggregate considerations of $5,027k (including contingent considerations of $4,060k), of which $967k has been paid during 2020. The aggregate provisional fair values of goodwill, identifiable assets and liabilities of the acquired operations were $2,252k, $3,121k and $346k respectively.

Prior period acquisitions

On 28 June 2019 the Group announced the acquisition of a 100% equity stake in Corporate and Private Client Services ('CPCS') and Throgmorton businesses of Link Group's Asset Services division. Goodwill and intangibles of $121,629k and $182,787k have been recognised respectively in 2019 based on consideration of $308,444k.

In 2019, and as permitted by IFRS 3 *Business Combinations,* the fair value of acquired identifiable assets and liabilities was presented on a provisional basis. This has been finalised in 2020 which resulted in changes to the provisional balances reported in 2019, as a result of additional information obtained during 2020 about facts which existed at the date of acquisition.

The above changes, together with further consideration of $260k paid during the year resulted in additional goodwill of $3,378k recognised in 2020.

During 2020, contingent considerations of $13,208k have been paid in relation to the acquisition of Alternative Fund Services Business of Deutsche Bank, Broadscope Fund Administrator, Beacon Fund Services (Bermuda) Ltd and Atlantic Fund Services. The contingent considerations were paid out upon the acquirees meeting certain performance targets including the realisation of synergies. Considerations payable in relation to Alternative Fund Services Business of Deutsche Bank have now been fully settled.

29. Related party transactions

	2020 $'000	2019 $'000
Compensation paid to the Company's Directors		
Directors' remuneration	150	100
Group key management personnel compensation		
Salaries, post-employment benefits	6,279	6,535

30. Financial instruments

Financial assets and liabilities by class

Financial assets	2020 $'000	2019 $'000
Derivatives held at fair value through profit and loss		
Derivative financial instruments	20,517	6,835
Debt securities held at fair value through other comprehensive income		
Sovereign and other supranational debt obligations	403,144	236,734
Credit institutions	48,733	184,360
Total financial assets at fair value	**472,394**	**427,929**
Debt instruments at amortised cost		
Trade receivables	51,419	48,634
Total financial assets at amortised cost	**51,419**	**48,634**
Total financial assets	**523,813**	**476,563**

Financial liabilities	2020 $'000	2019 $'000
Derivatives held at fair value through profit and loss		
Derivative financial instruments	20,401	6,418
Financial liabilities at fair value through profit or loss		
Contingent consideration	36,682	29,949
Total financial liabilities at fair value	**57,083**	**36,367**
Interest-bearing loans and borrowings		
Lease liabilities (note 25)	74,116	62,363
Loan facility (note 23)	1,055,702	1,031,909
Preferred debt (note 24)	66,169	-
	1,195,987	**1,094,272**
Other financial liabilities at amortised cost		
Amounts owed to credit institutions and banking customers	2,443,307	1,871,971
Trade payables	70,701	28,275
Total financial liabilities at amortised cost	**2,514,008**	**2,994,518**
Total financial liabilities	**3,767,078**	**3,030,885**

30. Financial instruments (continued)

The Group has exposure to the following risks from the financial instruments held:

- credit risk
- liquidity risk
- foreign exchange risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group.

Non-banking Group companies

The key areas of exposure to credit risk for the Group results through its bank deposits and trade receivables.

The Group provides unsecured credit to its customers in the normal course of business.

Customers are risk assessed for their credit quality, taking into account their current financial position, past experience and other factors.

The impact of this is mitigated through the operation of controls in this area and the close monitoring of the aging of trade receivables by the treasury department which reports weekly to the Board.

The Group does not have any significant concentration of credit risk.

Banking operations

Credit risks are entered into in accordance with approved authorities, counterparty and issuer limits and credit lines approved in line with the Group's strategic orientation and the Group's limit systems, and subject to compliance with the regulatory requirements. The limits are subject to annual approval and monitoring involving the Supervisory Board. Within the framework of a credit value-at-risk model, unexpected losses, quantified in monetary terms, are calculated on the basis of the unsecured portions of the debt, the likelihood of the counterparty defaulting and the relevant correlations. In respect of public-sector borrowers and banks, recovery factors are also taken into consideration.

In accordance with its lending strategy, the Group's primary lending business represents a complementary business activity as part of the depositary or custody business. Loans will only be granted to fund clients, clients of external asset managers, professional private clients and companies in which the Group holds the depositary or custody function as well as to entities within the Group. The lending business focuses on low-risk, well-secured and less processing intensive loans.

The Group limits its exposure to credit risk on bank balances by maintaining balances with banks having high credit ratings. Given these high credit ratings, the Group does not expect any bank to fail to meet its obligations.

30. Financial instruments (continued)

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2020	2019
	$'000	$'000
Debt securities held at fair value through other comprehensive income	451,877	421,094
Derivatives held at fair value through profit and loss	20,517	6,835
Trade and other receivables	118,477	110,664
Cash and cash equivalents	2,109,112	1,563,125
	2,699,983	**2,101,718**

Further details in respect of expected credit losses are set out in note 18.

Liquidity risk

Liquidity risk is the risk that the Group has insufficient liquid resources to be able to meet its financial obligations as they fall due. The Group manages its cash flows centrally.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Funding across all subsidiaries is provided by head office which supports the daily demands of certain subsidiaries in order to meet their obligations as required.

The following are the contractual maturities of financial liabilities at the reporting date:

	Carrying amount	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total contractual maturities**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
2020					
Amounts owed to credit institutions and banking customers	2,443,307	2,443,307	-	-	2,443,307
Derivatives held at fair value through profit and loss	20,517	20,517	-	-	20,517
Trade payables	70,701	70,701	-	-	70,701
Other payables	4,153	4,153	-	-	4,153
Accrued expenses	36,206	36,206	-	-	36,206
Contract liabilities	14,930	14,930	-	-	14,930
Salaries and other benefits payable	29,551	29,483	-	-	29,483
Contingent consideration	36,682	35,557	1,125	-	36,682
Lease liabilities	74,116	36,453	32,686	5,378	74,517
Loan facility	1,046,325	20,656	31,968	1,003,078	1,055,702
Preferred debt	61,693	-	98,965	-	98,965
Employee benefits	2,661	896	542	1,223	2,661
	3,840,842	**2,712,859**	**165,286**	**1,009,679**	**3,887,824**

30. Financial instruments (continued)

	Carrying amount $'000	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total contractual maturities $'000
2019					
Amounts owed to credit institutions and banking customers	1,871,971	1,871,971	-	-	1,871,971
Derivatives held at fair value through profit and loss	6,418	6,418	-	-	6,418
Trade payables	28,275	28,275	-	-	28,275
Other payables	11,443	11,443	-	-	11,443
Accrued expenses	24,402	24,402	-	-	24,402
Contract liabilities	9,013	9,013	-	-	9,013
Salaries and other benefits payable	16,970	16,970	-	-	16,970
Contingent consideration	29,949	13,353	16,596	-	29,949
Lease liabilities	62,363	14,896	45,717	36,748	97,361
Loan facility	1,031,909	10,355	31,065	1,003,603	1,045,023
Employee benefits	2,559	-	2,559	-	2,559
	3,095,272	**2,007,096**	**95,937**	**1,040,351**	**3,143,384**

Fair values of financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

30. Financial instruments (continued)

At the reporting date, fair value through other comprehensive income instruments and fair value through profit and loss instruments were measured using inputs on the followings basis:

2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Debt securities	451,877	-	-	451,877
Derivative financial instruments	-	20,517	-	20,517
	451,877	20,517	-	472,394
Liabilities				
Derivative financial instruments	-	20,401	-	20,401
Contingent consideration	-	36,682	-	36,682
	-	57,083	-	57,083

2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Debt securities	421,094	-	-	421,094
Derivative financial instruments	-	6,835	-	6,835
	421,094	6,835	-	427,929
Liabilities				
Derivative financial instruments	-	6,418	-	6,418
Contingent consideration	-	29,949	-	29,949
	-	36,367	-	36,367

Debt securities are valued with reference to quoted market prices.

Each leg of the foreign currency derivatives have been valued using the current foreign currency rate, discounted to the remaining maturity by using the Bloomberg Composite Rate (CMP).

At 31 December 2020 the carrying amounts of all financial assets and liabilities approximates their fair values.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and Pound Sterling. Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities and net investments in foreign operations are denominated in a currency that is not the entity's functional currency.

30. Financial instruments (continued)

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. Group companies are required to hedge material foreign exchange risk exposure with Group Treasury. To manage their foreign exchange risk arising from known future commercial transactions and material recognised assets and liabilities, entities in the Group use forward contracts, transacted with Group Treasury. The Group buys or sells currencies forward so as to hedge exchange risk on relevant transactional activities.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments.

For assessing market risk the banking operations within the Group use a value-at-risk (VaR) method based on a Monte Carlo simulation in order to quantify the market price risks associated with the banking book and minor trading positions. Observed market price fluctuations serve as an estimate for the quantification of risk potential. From the resulting volatilities and correlations of the risk factors in connection with statistical distribution assumptions, the market price risk expressed as VaR. Hereby it is assumed that the values observed in the past serve as a representative sample with regard to future market movements.

Interest rate risk

The Group is exposed to risk in respect of changes in interest rates on its interest-bearing assets and liabilities. A sensitivity analysis prepared with a 0.5% increase or decrease in interest rates is set out below:

	2020	2019
	$'000	$'000
Loan facility drawn at the reporting date	**1,041,849**	**1,031,909**
Impact on of an increase in interest rate of 0.5%	-	(5,160)
Impact on of a decrease in interest rate of 0.5%	-	5,160

The Group is exposed on asset balances through its variable rate regulatory cash balances, these balances are predominantly denominated in Euros. The European Central Bank rate is currently negative and the ring-fenced cash balances are mainly subject to a 0% floor. In the impact assessment below, the reduction in interest rates does not have any significant impact as the floor has been reached:

	2020	2019
	$'000	$'000
Ring-fenced cash at the reporting date	**72,329**	**77,875**
Impact on of an increase in interest rate of 0.5%	362	389
Impact on of a decrease in interest rate of 0.5%	-	-

The Group is also exposed to interest rate risk on its unseparated cash and cash equivalents. A sensitivity analysis prepared with a 0.5% increase or decrease in interest rates is set out below:

	2020	2019
	$'000	$'000
Working capital cash at the reporting date	**2,036,783**	**1,485,250**
Impact on of an increase in interest rate of 0.5%	10,184	7,426
Impact on of a decrease in interest rate of 0.5%	(10,184)	(7,426)

30. Financial instruments (continued)

Banking operations

Risk of losses due to unfavourable fluctuations in interest rates, prices, currencies and volatility are monitored within a framework of fixed limits designed to capitalise on income opportunities. For the daily evaluation of such market price risks, the European Depository Bank within the Group employs a value-at-risk procedure which compares and contrasts the potential results with the limits that have been fixed.

VaR calculation as at 31 December 2020	**VaR 99.5% EUR $'000**	**VaR 99.5% USD $'000**
Market price risk	759	910
Credit risk	6,566	7,870
Operational risk	5,176	6,204
Total	**12,501**	**14,984**

VaR calculation as at 31 December 2019	**VaR 99.5% EUR $'000**	**VaR 99.5% USD $'000**
Market price risk	275	308
Credit risk	6,561	7,348
Operational risk	3,344	3,745
Total	**10,181**	**11,402**

Foreign currency risk

Non-banking Group companies

The Group is exposed to foreign currency exchange risks due to the Group holding foreign currency monetary assets and liabilities which are exposed to exchange rate fluctuations. This risk is assessed on an on-going basis. The Group does not use derivate financial instruments to manage currency exchange movements.

Banking operations

Since the EDB is a non-trading book institution, derivatives are traded solely for the account of customers, and are hedged by corresponding counter-transactions.

The table below illustrates the sensitivity analysis of the Group's reported result to a 1% increase or decrease in the respective foreign exchange rates to which they are exposed. The sensitivity analysis is calculated on balances outstanding at the year end and average rates for transactions during the year, with all other variables held constant.

	Impact of profit or loss and equity $'000
2020	
Change in GBP	4,383
Change in EUR	1,830
2019	
Change in GBP	935
Change in EUR	(246)

31. Ultimate controlling party

The Company's ultimate parent is Genstar GP. The Group does not have an ultimate controlling party.

32. Events after the reporting period

The UK has now left the EU under a new legal and regulatory framework negotiated in late December 2020. This new framework primarily sets out the future trading relationships between the EU and the UK after the end of the transition period. The Directors are not expecting any significant impact to the business of the Group arising from the new political and legal landscape.

On 15 February 2021, the Group completed the acquisition of FundRock Management Company SA and FundRock Partners Limited (collective "FundRock") for a total consideration of $208,862k. FundRock is a leading Management Company and Alternative Investment Fund Manager, offering management, risk and distribution solutions for funds based in various jurisdictions. Globally FundRock oversees more than $100bn of third-party assets for more than 90 established blue-chip companies and asset owners.

On 17 February 2021, the Group completed the acquisition of GFin Corporate Services Limited ("GFin") for a total consideration of $15,703k. Gfin is a Mauritius based and licensed Management Company, providing fund administration services to institutional clients. Its integration into the Group enhances Apex's long-established presence in Mauritius, supporting the provision of an extensive range of locally delivered fund administration and corporate solutions to clients.

The financial effects of these transactions have not been recognised at 31 December 2020. The operating results and assets and liabilities of the acquired companies will be consolidated from the respective acquisition dates.

As at the date of approval of the financial statements, the Group have issued further preferred debt instruments amounted to $261,452k in order to fund the acquisitions of FundRock and Gfin. The terms of these instruments issued are similar to those disclosed in note 23 and therefore will be accounted for as debt in accordance with IAS 32.

33. Contingencies and commitments

Business acquisitions

As part of its historical business acquisitions, Apex Group provides for various contingent consideration amounts, the value of which depend on future business performance. Such amounts are recognised at fair value through the profit and loss account and within provisions on the consolidated balance sheet. Refer to note 27 for further details.

Legal and other matters

Apex Group evaluates contingencies arising from legal (and other) matters on an ongoing basis and establishes provisions for matters in which losses or other settlements are probable and where the magnitude of the loss can be reasonably estimated. Contingent gains are not recognised. Such provisions are recorded through the profit and loss account and held within provisions on the consolidated balance sheet. Other than those recognised and disclosed at the reporting date, there are no legal or other matters outstanding as at 31 December 2020 that the Directors believe will result in a probable loss or settlement in accordance with the above.

Independent auditor’s report to the members of Apex Group Ltd.

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Apex Group Limited and its subsidiaries (the ‘group’):

- give a true and fair view of the state of the group’s affairs as at 31 December 2020 and of the group’s loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) International Accounting Standards.

We have audited the consolidated financial statements which comprise:

- the consolidated statement of financial position;
- the consolidated statement of comprehensive income;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 33.

The financial reporting framework that has been applied in their preparation is IFRSs as issued by the IASB and the provisions of the Bermudan Companies Act 1981.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.
We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
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.
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 group’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.
Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the consolidated financial statements, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Responsibilities of directors
As explained more fully in the directors’ responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 group’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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit, as well as risk and compliance about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Bermudan Companies Act 1981, global tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included US Company law, financial services regulatory bodies including, but not limited to, Finance Conduct Authority (FCA), Commission de Surveillance du Secteur Financier (CSSF), U.S. Securities Exchange Commission (SEC), Malta Financial Services Authority, including both regulatory and relevant capital requirements.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as tax, valuations, IT and forensic specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Revenue recognition in relation to one time revenue adjustments required in reporting non-recurring revenue streams. We have assessed the accuracy and nature of these posted adjustments throughout the group, inquiried with relevant management and assessed the control environment overseeing the recording of these adjustments; and
- The calculation of value-in-use when assessing goodwill for impairment includes assumptions requiring significant management judgment, specifically short and long term growth rates and the weighted average cost of capital. In response we involved our valuation specialists to develop indpendent estimates of these identified inputs, benchmarking against others in the same industry and assessing the underlying model used to determine the value-in-use. We have also inquired with management and key personnel within the financial planning and analysis teams.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant licensing and regulatory authorities.

Independent auditor’s report to the members of Apex Group Ltd.

Use of our report

This report is made solely to the company’s members, as a body, in accordance with our engagement letter and solely for the purpose of our audit of the financial statements. 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.

AJ Morley

Alastair Morley (Senior statutory auditor)
For and on behalf of Deloitte LLP
London, United Kingdom
13 April 2021