ACI Worldwide (EMEA) Limited

Annual report and financial statements

for the year ended 31 December 2020

Registered number: 02310474

ACI Worldwide (EMEA) Limited

Contents

Company information

Directors

D King
S Behrens
B Peterson

Secretary

B Peterson

Registered office

ReD House (First floor)
Cemetery Pales
Brookwood
Surrey
GU24 0BL
United Kingdom

Independent auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ
United Kingdom

ACI Worldwide (EMEA) Limited

Strategic report

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Principal activities

ACI Worldwide (EMEA) Limited is a wholly owned subsidiary of ACI Worldwide, Inc. ("ACI"). It markets, installs and supports a broad line of group companies' software products and services which are primarily focused on facilitating electronic payments. These products and services are used principally by financial institutions, retailers and electronic payment processors both in domestic and international markets. ACI Worldwide (EMEA) Limited operates in the UK, Europe, the Middle East and Africa ("EMEA") as a distributor for the ACI group companies. Products are marketed under the ACI Worldwide and ACI Universal Payments brands.

Review of the business

The Company made an operating loss for the year of £51.4 million (2019: £12.7 million loss). The Company did not make an operating margin in the current or previous year, primarily due to the impairment loss recognised of £63.1 million (2019: £22 million).

The Company received dividend payments of £66k during the year (2019: £nil).

Turnover for the year was £79.5 million (2018: £87.5 million), which was mainly due to a decrease in software licence revenue of £6.7 million, licence revenue is cyclical in nature.

Expenditure, comprising cost of sales and administrative expenses totalled £130.9 million (2019: £95.2 million). Cost of sales decreased by £8.3 million due to decreased licence fee revenue costs. Administrative expenses, excluding impairment losses, were £3 million lower in 2020 due to a reduction in travel, marketing, and entertainment costs. The impairment loss recognised amounted to £63.1 million, an increase of £41.1 million from 2019.

Net assets at 31 December 2020 total £40.9 million compared with £94.9 million at 31 December 2019. The decrease is largely due to the decrease in fixed assets in the current year of £66.3 million, which includes the impairment loss recognised in investments of £63.1 million.

Key performance indicators

The directors consider that turnover is the KPI used to measure the Company's performance along with operating margin.

Turnover decreased by £8 million or 9% to £79.5 million (2019: £87.5 million).

Due to the operating loss the operating margin remained negative as in 2019. This mainly due to the impairment loss recognised of £63.1 million (2019: £22 million).

Principal risks and uncertainties

The Company operates in a rapidly changing technological and economic environment that presents numerous risks. Many of these risks are beyond the Company's control and are driven by factors that often cannot be predicted. The following discussion highlights some of these risks:

The markets in which we compete are characterised by rapid change, evolving technologies and industry standards and intense competition. There is no assurance that we will be able to maintain our current market share or customer base. We face intense competition in our businesses and we expect competition to remain intense in the future. We have many competitors that are significantly larger than us and have significantly greater financial, technical and marketing resources, have well-established relationships with our current or potential customers, advertise aggressively or beat us to the market with new products and services. In addition, we expect that the markets in which we compete will continue to attract new competitors and new technologies. Increased competition in our markets could lead to price reductions, reduced profits, or loss of market share.

Principal risks and uncertainties (continued)

The current global economic conditions could also result in increased price competition for our products and services. To compete successfully, we need to maintain a successful research and development effort. If we fail to enhance our current products and develop new products in response to changes in technology and industry standards, bring product enhancements or new product developments to market quickly enough, or accurately predict future changes in our customers' needs and our competitors develop new technologies or products, our products could become less competitive or obsolete.

There are a number of risks associated with the Company's international operations, including, exposure to fluctuations in currency exchange rates, that could have a material impact on the Company's operations and financial condition. The Company has historically derived a majority of its revenues from international operations and anticipates continuing to do so. As a result, the Company is subject to risks of conducting international operations. One of the principal risks associated with international operations is potentially adverse movements of foreign currency exchange rates. The Company's exposures resulting from fluctuations in foreign currency exchange rates may change over time as the Company's business evolves and could have an adverse impact on its financial condition and/or results of operations. The Company and its group have not entered into any derivative instruments or hedging contracts to reduce exposure to adverse foreign currency changes.

Mergers, acquisitions and personnel changes at key financial services organisations have the potential to adversely affect our business, financial condition, cash flows, and results of operations. Our business is concentrated in the financial services industry, making us susceptible to consolidation in, or contraction of the number of participating institutions within that industry. Consolidation activity among financial institutions has increased in recent years and the current financial conditions have resulted in even further consolidation and contraction as financial institutions have failed or have been acquired by or merged with other financial institutions. There are several potential negative effects of increased consolidation activity. Continuing consolidation and failure of financial institutions could cause us to lose existing and potential customers for our products and services. For instance, consolidation of two of our customers could result in reduced revenues if the combined entity were to negotiate greater volume discounts or discontinue use of certain of our products. Additionally, if a non-customer and a customer combine and the combined entity in turn decided to forego future use of our products, our revenues would decline.

As part of our business, we electronically receive, process, store, and transmit sensitive business information of our customers. Unauthorised access to our computer systems or databases could result in the theft or publication of confidential information or the deletion or modification of records or could otherwise cause interruptions in our operations. These concerns about security are increased when we transmit information over the Internet. Security breaches in connection with the delivery of our products and services, including products and services utilising the Internet, or well-publicised security breaches, and the trend toward broad consumer and general public notification of such incidents, could significantly harm our business, financial condition, cash flows and/or results of operations. We cannot be certain that advances in criminal capabilities, discovery of new vulnerabilities, attempts to exploit vulnerabilities in our systems, data thefts, physical system or network break-ins or inappropriate access, or other developments will not compromise or breach the technology protecting our networks and confidential information. Computer viruses have also been distributed and have rapidly spread over the Internet.

Computer viruses could infiltrate our systems, disrupting our delivery of services and making our applications unavailable. Any inability to prevent security breaches or computer viruses could also cause existing customers to lose confidence in our systems and terminate their agreements with us, and could inhibit our ability to attract new customers.

The COVID-19 pandemic resulted in authorities implementing numerous measures to try to contain the virus. These measures may remain in place for a significant period of time and adversely affect our business, operations and financial condition as well as the business, operations and financial conditions of our customers and business partners. The spread of the virus has also caused us to modify our business practices (including employee work locations and cancellation of physical participation in meetings) in ways that may be detrimental to our business (including working remotely and its attendant cybersecurity risks).

Principal risks and uncertainties (continued)

We may take further actions as may be required by government authorities or that we determine are in the best interests of our employees and customers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the virus or otherwise be satisfactory to government authorities. The ACI-Group created a dedicated Crisis Management Team to oversee and execute our business continuity plans and a variety of measures designed to ensure the ongoing availability of our products, solutions and services for our customers, while taking health and safety measures for our employees, including telecommuting, travel restrictions, social distancing policies, and stepped-up facility cleaning practices.

We believe we have sufficient liquidity to continue business operations during this volatile and uncertain period. We have sufficient cash resources consisting of cash on hand and available credit facilities. To address the potential long-term financial impacts of the virus, we have delayed non-essential capital spending and operating expenses. The pandemic presents potential new risks to our business. We began to see the impacts of COVID-19 on certain customer transaction volumes in late March and continued to see changes for the remainder of 2020, primarily within the Merchants customer base of our ACI On Demand segment. The effect of COVID-19 and related events, including those described above, could have an ongoing negative effect on our business prospects, financial condition, and results of operations. More specifically, for those customers under consumption-based contracts, continued declines in transaction volumes could negatively impact our financial position, results of operations, and cash flows.

Future developments

For the foreseeable future, we expect to derive most of our revenue from products and services we provide to the banking and financial services industries. The global electronic payments industry and the banking and financial services industries depend heavily upon the overall levels of consumer, business and government spending. The current economic conditions and the potential for increased or continuing disruptions in these industries as well as the general software sector could result in a decrease in consumers' use of banking services and financial service providers resulting in significant decreases in the demand for our products and services which could adversely affect our business and operating results. A lessening demand in either the overall economy, the banking and financial services industry or the software sector could also result in the implementation by banks and related financial service providers of cost reduction measures or reduced capital spending resulting in longer sales cycles, deferral or delay of purchase commitments for our products and increased price competition which could lead to a material decrease in our future revenues and earnings.

Events arising since the end of the reporting period

On 13 August 2021 the Company's sole shareholder, Applied Communications Inc. U.K. Holding Limited, applied for the allotment and issuance of 1 share in the Company at a subscription price of £1.00 par value of the share plus share premium of £48,999,999.

ACI Worldwide (EMEA) Limited

Strategic report

Section 172(1) statement

Overview and approach

A director of a company must act in the way they consider, in good faith, to promote the success of the company for the benefit of its shareholders as a whole and in doing so have regard (amongst other matters) to:

Employee engagement

The Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, customers, investors, communities and society as a whole. People are at the heart of our specialised business and for ACI to succeed we need to manage our people's performance, development and talent while operating as efficiently as possible. The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, ACI news and a special edition for employees of the quarterly and annual results. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The employee share scheme has been running successfully for many years and is open to all employees, in addition the company has a successful sales incentive commission plan, management incentive plan as well as share options and other long-term incentive plans.

Business relationships

The directors fostered the company's business relationships with suppliers, customers and others as these relationships directly contribute to mitigating principle risks and uncertainties. Details of principle risks and uncertainties can be found in the Strategic Report on pages 1 to 3.

Our strategy prioritises organic and acquired growth, driven by market related software solutions to existing customers as well as new customers. To do so we need to develop and maintain strong customer relationships at all times. We value all of our suppliers and have multi-year relationships and contracts with key suppliers and third-party stakeholders.

Approved by the Board and signed on its behalf by:

D.G. King

Director

13 December 2021

ReD House (First floor)
Cemetery Pales
Brookwood
Surrey
GU24 0BL
United Kingdom

ACI Worldwide (EMEA) Limited

Directors' report

The directors present their annual report on the affairs of ACI Worldwide (EMEA) Limited ('the Company'), together with the financial statements and auditor's report, for the year ended 31 December 2020.

Future developments

Details of future developments can be found in the Strategic Report on page 3.

Events after the balance sheet date

Details of events arising since the end of the reporting period can be found in the Strategic Report on page 4.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, for at least 12 months from the directors report. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in Note 1 to the financial statements.

Existence of branches outside the UK

The Company has branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK as follows:

- United Arab Emirates
- Bahrain
- Saudi Arabia

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company and its group undertakings rely on the natural hedge of matching incomes and expenditures in foreign currencies, with excess funds being utilised throughout the group.

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Financial risk management objectives and policies (continued)

Liquidity risk

The Company and its group undertakings use a cash pooling system for the EMEA region ensuring certainty of maintaining liquidity as well as maximising excess funds.

Dividends

The directors did not declare any dividends (2019: £70 million) to be paid to Applied Communications Inc. U.K. Holding Limited, its parent and only shareholder.

Directors

The directors, who served throughout the year except as noted, were as follows:

D King

S Behrens

B Peterson

Director's indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Political contributions

There were no political contributions made in the year (2019: £nil).

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee engagement

Details of employee engagement can be found in the Strategic Report on page 4.

Engagement with suppliers, customers and others

Details of engagement with suppliers, customers and others can be found in the Strategic Report on page 4.

Energy and carbon

The Company occupies one office property which is multi-tenanted. The Company has not been able to establish its energy usage for the year to comply with the requirements of the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (SI 2018/1155) regarding energy usage for the year. The Directors note that since the start of the COVID-19 pandemic in March 2020, employees have been remote working and hence energy usage from the Company's occupied properties has been greatly curtailed compared to the prior year.

ACI Worldwide (EMEA) Limited

Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approval of reduced disclosures

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, ACI Worldwide, Inc., which may be obtained from http://investor.aciworldwide.com/financial-information/annual-reports.

Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement, preparation of consolidated accounts, disclosure of key management personnel and related party transactions.

Approved by the Board and signed on its behalf by:

D.G. King

Director

13 December 2021

ReD House (First floor)
Cemetery Pales
Brookwood
Surrey
GU24 0BL
United Kingdom

ACI Worldwide (EMEA) Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of ACI Worldwide (EMEA) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of ACI Worldwide (EMEA) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Company 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 Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Independent auditor's report to the members of ACI Worldwide (EMEA) Limited (continued)

Other information

The other information comprises the information included in the annual report, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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.

Independent auditor's report to the members of ACI Worldwide (EMEA) Limited (continued)

Extent to which the audit was considered capable of detected 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 Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company 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 the UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. This included the General Data Protection Regulation 2016/679.

We discussed among the audit engagement team 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:

- ACI sells perpetual software licences, for which revenue is recognised at a point in time. Where sales are completed shortly before and after the year end of 31 December, there is a risk that the associated revenue is not recognised in the correct financial year. In order to address this risk, we have assessed the timing of revenue recognition for software licence sales made within a defined period before and after the year end by vouching sales to proof of delivery.
- As ACI enter into contracts with its customers, there is a risk that side agreements or unidentified performance obligations exist that finance are unaware of. This could result in the incorrect amount of revenue being recognised. To address this risk, we made inquiries of management personnel; circularised customers from the new contract log; and assessed credit notes issued post year end.

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; and
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations.

Independent auditor's report to the members of ACI Worldwide (EMEA) Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

Paul Adkins

Paul Adkins FCA (Senior Statutory Auditor)
For and behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom

15 December 2021

ACI Worldwide (EMEA) Limited

Profit and loss account
For the year ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	3	79,483	87,523
Cost of sales		(42,367)	(50,706)
Gross profit		37,116	36,817
Administrative expenses		(88,503)	(49,493)
Operating loss		(51,387)	(12,676)
Income from shares in group undertakings	4	66	-
Finance costs (net)	4	(163)	1,254
Loss before taxation	5	(51,484)	(11,422)
Tax on loss	9	(2,546)	(2,748)
Loss for the financial year attributable to the equity shareholders of the Company		(54,030)	(14,170)
Total comprehensive loss for the financial year attributable to the equity shareholders of the Company		(54,030)	(14,170)

The notes on pages 16 to 35 form an integral part of these financial statements.

ACI Worldwide (EMEA) Limited

Balance sheet
As at 31 December 2020

	Note	2020 £000	2019 £000
Fixed assets			
Goodwill	12	23,085	30,513
Intangible assets	13	1,737	3,380
Tangible assets	14	953	1,304
Investments	15	37,130	93,982
		62,905	129,179
Current assets			
Debtors: due after more than one year	16	17,479	10,295
Debtors: due within one year	16	34,112	24,211
Cash at bank and in hand		765	562
		52,356	35,068
Creditors: amounts falling due within one year	17	(62,883)	(65,827)
Net current liabilities		(10,527)	(30,759)
Total assets less current liabilities		52,378	98,420
Creditors: amounts falling due after more than one year	18	(7,104)	(2,856)
Provisions for liabilities	19	(4,411)	(671)
Net assets		40,863	94,893
Capital and reserves			
Called up share capital	20	0	0
Share premium account	20	47,000	47,000
Merger reserve	20	911	911
Profit and loss account	20	(7,048)	46,982
Shareholder's funds		40,863	94,893

The financial statements of ACI Worldwide (EMEA) Limited (registered number 02310474) were approved by the board of directors and authorised for issue on 13 December 2021. They were signed on its behalf by:

D.G. King
Director

The notes on pages 16 to 35 form an integral part of these financial statements.

ACI Worldwide (EMEA) Limited

Statement of changes in equity
As at 31 December 2020

	Called-up share capital £000	Share premium account £000	Merger reserve £000	Profit and loss account £000	Total £000
At 1 January 2019	0	47,000	911	131,152	179,063
Loss for the financial year	-	-	-	(14,170)	(14,170)
Dividends paid	-	-	-	(70,000)	(70,000)
At 31 December 2019	0	47,000	911	46,982	94,893
Loss for the financial year	-	-	-	(54,030)	(54,030)
At 31 December 2020	0	47,000	911	(7,048)	40,863

The notes on pages 16 to 35 form an integral part of these financial statements.

ACI Worldwide (EMEA) Limited

Notes to the financial statements
For the year ended 31 December 2020

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. *General information and basis of accounting*

ACI Worldwide (EMEA) Limited (the Company) is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on the Contents page.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its ultimate parent, ACI Worldwide, Inc., which may be obtained at http://investor.aciworldwide.com/financial-information/annual-reports. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement, presentation of a reconciliation of the number of shares outstanding at the beginning and at the end of the period, and remuneration of key management personnel.

b. *Going concern*

The financial statements have been prepared using the going concern basis of accounting.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. The operating performance of the Company is described in the strategic report on page 1 and the financial position of the Company is shown on the balance sheet at page 14. In addition, pages 2 and 3 of the strategic report and pages 6 and 7 of the directors' report include the risks faced by the Company and the industry in which it operates as well as its financial risk management objectives, policies and its exposures to credit and liquidity risks.

After making enquiries and reviewing the relevant group (ultimate parent company and subsidiaries) forecasts, budgets and long-term strategic plan, the directors have a reasonable expectation that the Company will not see any detrimental effect on its current operating performance levels. Given these enquires and reviews, there is a strong expectation that the Company will remain profitable and have adequate resources to continue in operational existence for at least the next 12 months and the foreseeable future. Thus they continue to adopt the going concern bases in preparing the directors' report and the annual financial statements.

We believe we have sufficient liquidity to continue business operations during this volatile and uncertain period. We have sufficient cash resources consisting of cash on hand and available credit facilities. To address the potential long-term financial impacts of the virus, we have delayed non-essential capital spending and operating expenses.

1. Accounting policies (continued)

c. Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is nine years. Provision is made for any impairment.

Negative goodwill is similarly included in the balance sheet and is credited to the statement of comprehensive income in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

d. Turnover

Turnover is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises turnover when it transfers control of promised products and/ or services to customers. The Company has generally concluded that it is the principal in its turnover arrangements and records turnover on a gross basis because it typically controls the goods or services before transferring them to the customer.

Software licences

As it relates to software licence turnovers, the Company will recognise turnover in advance of billings (i.e. contract assets) for certain software licence arrangements with extended payment terms. Additionally, certain of those same software licence arrangements will contain a significant financing component which will result in a change in the amount of the contract value that is allocated to software licence turnover. The adjustment to the transaction price attributable to the significant financing component will be presented as an adjustment to the contract assets (i.e. net contract assets) and recognised as interest income over the term of the contract. The amounts allocated to software licence, maintenance, and services turnovers for most software licence arrangements to be recognised as each element is delivered or provided to the customer.

Product support

Maintenance fees are recognised when services are provided, over the maintenance term specified in the maintenance contract.

Software modification and consulting services

Turnovers from arrangements to provide services on a time and materials basis are recognised as the related services are performed.

Royalty income

Royalty income is recognised as a percentage return on external contracts and sales of the intellectual property owned by the Company.

Finance income

Interest turnover is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Accrued and deferred income

Accrued income is recognised when the Company has performed under a contract but has not yet billed the customer. Conversely, deferred income is recognised when the Company has not yet performed under the contract but has received advanced payments from the customer. Accrued income is transferred to trade debtors when the rights to consideration become unconditional. Deferred income is recognised as turnover as the Company performs under the contract.

1. Accounting policies (continued)

Contract costs

Commission costs are capitalised if they are incurred to obtain a contract with a customer that the Company would not have incurred if the contract had not been obtained, and the costs are expected to be recoverable.

Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered.

All turnover is stated net of the amount of value-added tax (VAT).

e. Intangible assets

Intangible fixed assets relating to purchased contracts and customer relationships are included at cost and amortised on a straight-line basis over their estimated useful economic lives. The estimated useful economic life of purchased contracts and customer relationships is nine years. Provision is made for any impairment.

f. Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. The fair value of the fixed assets have been considered by the directors and not deemed to be significantly different. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements – 10% per annum

Motor vehicles – 25% per annum

Computer equipment - 33% per annum

Office furniture and equipment – 15% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

g. Investments

Fixed asset investments are shown at cost less provision for impairment. Provisions are made for any impairment in value. The fair value of the investments have been considered by the directors and not deemed to be significantly different.

h. Financial instruments

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

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

1. Accounting policies (continued)

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

Debt instruments that comply with all of the condition of paragraph 11.9 of FRS 102 are classified as 'basic'. For debt instruments that do not meet the conditions of FRS 102.11.9, the company considers whether the debt instrument is consistent with the principle in paragraph 11.9A of FRS 102 in order to determine whether it can be classified as basic. Instruments classified as 'basic' financial instruments are measured subsequently at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

i. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

1. Accounting policies (continued)

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

j. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

1. Accounting policies (continued)

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company 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 only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax 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.

k. Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease

l. Dividends

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

m. Employee benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

n. Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

o. Long-term contracts

The amount of profit attributable to the stage of completion of a long-term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

1. Accounting policies (continued)

p. Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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 balance sheet 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.

q. Share-based payments

The Company grants to its employees rights to equity instruments of ACI Worldwide, Inc., its parent company. The required disclosures are included in ACI Worldwide, Inc.'s consolidated financial statements.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty - Turnover

Sales contracts comprise one or more of software licences, software modification services, annual product support, hardware and other consulting services. Turnover is allocated to each component based on its relative fair value. Turnover is recognised separately, for each of these components if they are considered to represent a separable good or service which can be provided on a standalone basis. Refer to the documented Turnover section for specific details.

3. Turnover

An analysis of the Company's turnover by geographical market is set out below.

	2020 £000	2019 £000
Turnover:		
United Kingdom	34,782	48,093
Europe	16,880	14,769
Rest of the world	27,821	24,661
	79,483	87,523

An analysis of the Company's turnover by category is as follows:

	2020 £000	2019 £000
Software licences	25,162	31,901
Product support	19,667	17,406
Software modification and consulting services	34,372	30,441
Royalty income	282	7,775
	79,483	87,523

4. Finance costs (net)

	2020 £000	2019 £000
Interest payable and similar expenses	1,378	219
Less: Interest receivable and similar income	(1,215)	(1,473)
	163	(1,254)

Interest receivable and similar income	2020 £000	2019 £000
Interest receivable from group undertakings	(646)	(1,188)
Other interest receivable	(569)	(285)
	(1,215)	(1,473)

Interest payable and similar expenses	2020 £000	2019 £000
Interest payable to group undertakings	1,334	175
Other charges	44	44
	1,378	219

4. Finance costs (net) (continued)

Income from shares in group undertakings

	2020 £000	2019 £000
Income from fixed asset investment:		
Dividend received from ACI Worldwide (Norway) A.S.	(66)	-

5. Loss before taxation

Loss before taxation is stated after charging/(crediting):

	2020 £000	2019 £000
Depreciation of tangible fixed assets (see note 14)	858	778
Impairment of tangible fixed assets (see note 14)	82	-
Amortisation of goodwill (see note 12)	7,428	7,426
Amortisation of intangible assets (see note 13)	1,643	1,643
Impairment of investment in subsidiary (see note 15)	63,082	22,037
Operating lease rentals	1,386	1,441
Finance lease rentals	15	3
Foreign exchange (gain)/loss	(2,238)	1,906

The impairment of tangible fixed assets arose as the result of the Watford and Leeds leases becoming onerous (see note 19).

Amortisation of intangible assets and foreign exchange (gain)/loss are included in administrative expenses. Impairments are included in administrative expenses.

6. Auditor's remuneration

	2020 £000	2019 £000
Fees payable to Deloitte LLP and its associates for the audit of the Company's financial statements	95	90
Fees payable to Deloitte LLP and its associates for other services:		
Tax compliance services	7	6

7. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2020 Number	2019 Number
Technical	184	204
Selling and marketing	65	65
Administration	31	34
	280	291

Their aggregate remuneration comprised:

	2020 £000	2019 £000
Wages and salaries	26,352	25,763
Social security costs	2,855	2,838
Pension costs	1,493	1,567
Share-based payments	951	451
	31,651	29,219

8. Directors' remuneration and transactions

	2020 £000	2019 £000
Directors' remuneration (also the highest paid director)		
Emoluments	202	193
Company contributions to money purchase pension schemes	12	13
	214	206

	2020 Number	2019 Number
The number of directors who:		
Are members of a money purchase pension scheme	1	1
Exercised options over shares in the parent company	1	1

The highest paid director exercised share options to the value of £51k (2019: £366k) in the year and had no shares receivable under long-term incentive schemes.

9. Taxation

The tax expense comprises:

	2020 £000	2019 £000
Current tax on income		
UK corporation tax	2,677	2,471
Foreign withholding taxes	94	214
Adjustment in respect of prior periods	(148)	(89)
Total current tax	2,623	2,596
Deferred tax		
Origination and reversal of timing differences	(85)	87
Adjustments in respect of prior periods	8	147
Adjustments in respect of prior periods – rate adjustment	-	(82)
Total deferred tax (see note 19)	(77)	152
Total tax expense on profit	2,546	2,748

The current tax charge for the year is lower (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Loss before tax	(51,484)	(11,422)
Tax on Company loss at standard UK corporation tax rate of 19% (2019: 19%)	(9,782)	(2,170)
Effects of:		
- Expenses not deductible for tax purposes	13,530	5,900
- Capital allowances in excess of depreciation	(33)	(83)
- Other short-term timing differences	118	(5)
- Withholding taxes suffered	94	214
- Current year double tax relief	(36)	(54)
- Prior year adjustment	(148)	(89)
- Group relief not paid for	(1,120)	(1,112)
- Dividend income	-	-
Current tax expense for year	**2,623**	**2,596**
Deferred tax expense for year	**(77)**	**152**
Total tax expense for year	**2,546**	**2,748**

The standard rate of tax applied to reported loss is 19% (2019: 19%). The applicable tax rate has not changed following the substantive enactment of the Finance Act 2019. On 11 March 2020, the UK government announced proposals to maintain the UK corporation tax rate at 19% from 1 April 2020 rather than reduce it to 17% as previously announced. This was substantively enacted on 17 March 2020. On 3 March 2021, the UK government announced proposals to increase the corporation tax rate from 19% to 25% from 1 April 2023. This change was substantively enacted on 24 May 2021.

9. Taxation (continued)

Deferred tax

Deferred tax is recognised as follows:

	2020 £000	2019 £000
Difference between accumulated depreciation and amortisation and capital allowances	596	637
Other timing differences	169	51
Deferred tax asset	765	688

	2020 £000	2019 £000
Opening deferred tax asset	688	840
Amounts taken to profit and loss	77	(152)
Deferred tax asset	765	688

The deferred tax asset has been recognised, as the Directors consider that the Company will generate sufficient taxable profits in the foreseeable future that will enable the asset to be recovered.

There are tax losses of £12.2m gross (2019: £12.2m gross) that are unrecognised for deferred tax as there is insufficient evidence of future taxable profits arising in the foreseeable future against which these tax losses can be utilised.

We expect that there will be a reversal of £0.2m (net at 19%) in relation to recognised deferred tax assets during 2021, primarily in relation to the utilisation of capital allowances in excess of depreciation.

10. Dividends on equity shares

	2020 £000	2019 £000
Amounts recognised as distributions to Applied Communications Inc. U.K. Holding Limited in the year:	-	70,000
	-	70,000

11. Share-based payments

ACI grants share-based awards to key employees of the Company. The required disclosures are included in ACI's consolidated financial statements.

Stock Options

Stock options granted pursuant to ACI's 2005 Incentive Plan were granted at an exercise price not less than the market value per share of ACI's common stock on the date of the grant. Under the 2005 Incentive Plan, the term of the outstanding options may not exceed ten years. Vesting of options is determined by ACI's compensation committee of the board of directors and the administrator of the 2005 Incentive Plan and can vary based upon the individual award agreements.

Expected volatilities are based on ACI's historical common stock volatility, derived from historical stock price data for periods commensurate with the options' expected life. The expected life of options granted represents the period of time options are expected to be outstanding, based primarily on historical employee option exercise behaviour. The risk-free interest rate is based on the implied yield currently available on U.S. Treasury zero coupon bonds issued with a term equal to the expected life at the date of grant of the options. The expected dividend yield is zero, as ACI has historically paid no dividends and does not anticipate dividends to be paid in the future.

Long-Term Incentive Program Performance Share Awards

During the years ended December 31, 2017, pursuant to ACI's 2016 Incentive Plan, ACI granted long-term incentive program performance share awards ("LTIP performance shares") to key employees of the Company. These LTIP performance shares are earned, if at all, based upon the achievement, over a specified period that must not be less than one year and is typically a three-year performance period, of performance goals related to (i) the compound annual growth over the performance period in the sales for ACI, as determined by ACI, and (ii) the cumulative operating income or EBITDA over the performance period as determined by ACI. Up to 200% of the LTIP performance shares may be earned upon achievement of performance goals equal to or exceeding the maximum target levels for the performance goals over the performance period. On an annual basis, management must evaluate the probability that the threshold performance goals will be achieved, if at all, and the anticipated level of attainment to determine the amount of compensation expense to record in the consolidated financial statements.

During the year ended December 31, 2019, ACI revised the expected attainment rates for the awards granted in fiscal year 2017 from 100% to 160%.

Restricted Share Awards

During the year ended December 31, 2017, pursuant to ACI's 2016 Incentive Plan, ACI granted restricted share awards ("RSAs") to key employees of the Company. The awards have requisite service periods of three years and vest in increments of 33% on the anniversary of the grant dates.

Under each arrangement, shares are issued without direct cost to the employee. ACI estimates the fair value of the RSAs based upon the market price of its stock at the date of grant. The RSA grants provide for the payment of dividends on ACI's common stock, if any, to the participant during the requisite service period, and the participant has voting rights for each share of common stock. The Company recognizes compensation expense for RSAs on a straight-line basis over the requisite service period.

Total Shareholder Return Awards

During the years ended December 31, 2020 and 2019, pursuant to ACI's 2016 Incentive Plan, ACI granted total shareholder return awards ("TSRs") to key employees of the Company. TSRs are performance shares that are earned, if at all, based upon ACI's total shareholder return as compared to a group of peer companies over a three-year performance period. The award payout can range from 0% to 200%. To determine the grant date fair value of the TSRs, a Monte Carlo simulation model is used. The Company recognizes compensation expense for the TSRs over a three-year performance period based on the grant date fair value.

11. Share-based payments (continued)

Restricted Share Units

During the years ended December 31, 2020 and 2019, pursuant to ACI's 2016 Incentive Plan, ACI granted restricted share unit awards ("RSUs") to key employees of the Company. RSUs generally have requisite service periods of three years and vest in increments of 33% on the anniversary of the grant dates. Under each arrangement, RSUs are issued without direct cost to the employee on the vesting date. ACI estimates the fair value of the RSUs based upon the market price of its stock at the date of grant. The Company recognizes compensation expense for RSUs on a straight-line basis over the requisite service period.

The total share-based payment expense is measured as the aggregate charge calculated at the Group level per each participant who was an employee of the Company during the period. The scheme is denominated in US Dollars and translated at the average exchange rate for the period.

The group did not enter into any share-based payment transactions with parties other than employees in the current period.

12. Goodwill

	Positive goodwill £000	Negative goodwill £000	Total £000
At 1 January 2020	67,797	(277)	67,520
At 31 December 2020	67,797	(277)	67,520
Amortisation			
At 1 January 2020	37,284	(277)	37,007
Charge for the year	7,428	-	7,428
At 31 December 2020	44,712	(277)	44,435
Net book value			
At 31 December 2020	23,085	-	23,085
At 31 December 2019	30,513	-	30,513

The recognised goodwill arose as a result of the purchase of the business and assets of Retail Decisions Europe Limited on 1 January 2015.

ACI Worldwide (EMEA) Limited

Notes to the financial statements
For the year ended 31 December 2020

13. Intangible fixed assets

	Purchased contracts £000	Customer relationships £000	Total £000
At 1 January 2020	1,029	17,776	18,805
Disposals	(1,029)	-	(1,029)
At 31 December 2020	-	17,776	17,776
Amortisation			
At 1 January 2020	1,029	14,396	15,425
Charge for the year	-	1,643	1,643
Disposals	(1,029)	-	(1,029)
At 31 December 2020	-	16,039	16,039
Net book value			
At 31 December 2020	-	1,737	1,737
At 31 December 2019	-	3,380	3,380

14. Tangible fixed assets

	Leasehold improvements £000	Motor vehicles £000	Computer equipment £000	Office furniture & equipment £000	Total £000
Cost or valuation					
At 1 January 2020	3,052	18	3,447	1,371	7,887
Additions	346	-	178	328	853
Transfers	(250)	-	-	-	(250)
Disposals	(2,283)	(18)	(2,304)	(1,228)	(5,833)
At 31 December 2020	865	-	1,321	471	2,657
Depreciation					
At 1 January 2020	2,553	18	2,884	1,128	6,583
Additions	-	-	2	-	2
Charge for the year	212	-	374	272	858
Impairment losses	82	-	-	-	82
Disposals	(2,283)	(18)	(2,292)	(1,228)	(5,821)
At 31 December 2020	564	-	968	172	1,704
Net book value					
At 31 December 2020	301	-	353	299	953
At 31 December 2019	499	-	563	242	1,304

ACI Worldwide (EMEA) Limited

Notes to the financial statements
For the year ended 31 December 2020

15. Fixed asset investments

	2020 £000	2019 £000
Subsidiary undertakings	37,130	93,982
Total	37,130	93,982

Investments

The Companies in which the Company has interest at the year-end are as follows:

Name	Registered office address	Country of incorporation	Principal activity	% ordinary shares and voting rights held
ACI South Africa (Pty) Limited	Building A The Estuaries Cape Town South Africa 7441	South Africa	Provision of computer software and services	100%
Applied Communications Worldwide (Nordic) AB	Brunnsgatan 21 B 3rd Floor 111 38 Stockholm Sweden	Sweden	Provision of computer software and services	100%
ACI Worldwide Iberica S.L.U	Paseo de la Castellana 200 Madrid Suite 517 Madrid, Spain	Spain	Provision of computer software and services	100%
ACI Worldwide France S.A.S.	3 square Desaix 4th & 5th Floors Paris 75015 France	France	Provision of computer software and services	100%
ACI Worldwide (Italia) S.R.L.	Piazza IV Novembre, 7 20124 Milano Italy	Italy	Provision of computer software and services	95%
ACI Global Limited	ReD House (First floor) Cemetery Pales Brookwood Surrey GU24 0BL United Kingdom	United Kingdom	Provision of computer software and services	100%

All of the above investments are held directly by ACI Worldwide (EMEA) Limited.

15. Fixed asset investments (continued)

Subsidiary undertakings

	£000
Cost	
At 1 January 2020	116,019
Addition	6,230
	122,249
Provisions for impairment	
At 1 January 2020	22,037
Impairment	63,082
At 31 December 2020	85,119
Carrying value	37,130

The Company received dividends payments of £66k during the year (2019: £nil).

The Company made an additional investment in ACI Worldwide Iberica S.L.U of £6.2 million in 2020.

Subsidiary undertakings have not been consolidated by ACI Worldwide (EMEA) Limited as permitted by s401 of the Companies Act 2006 as they are consolidated in the financial statements of ACI Worldwide, Inc.

16. Debtors

	2020 £000	2019 £000
Amounts falling due within one year:		
Trade debtors	22,538	11,268
VAT	321	440
Amounts owed by group undertakings	144	181
Other debtors	491	105
Prepayments and accrued income	10,618	12,217
	34,112	24,211
Amounts falling due after more than one year:		
Other debtors	1,538	1,189
Prepayments and accrued income	15,176	8,418
Deferred tax assets (see note 9)	765	688
	17,479	10,295

17. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	199	902
Amounts owed to group undertakings	43,414	54,809
Corporation tax	1,691	761
Other taxation and social security	4,620	2,071
Other creditors	3,380	3,283
Accruals and deferred income	9,579	4,001
	62,883	65,827

The Company is a participant in ACI's international cash pool and depending on the movement of cash the Company can either be the lender or the borrower. This arrangement is underpinned by a signed loan agreement with Applied Communications GPC Limited. As per the agreement a pre-established margin is added to the applicable market rate by currency, the applicable market rate shall equal the London Interbank Offered rate.

18. Creditors: amounts falling due after more than one year

	2020 £000	2019 £000
Deferred income	7,044	2,039
Other liabilities	60	817
	7,104	2,856

19. Provisions for liabilities

	Dilapidations £000	Onerous leases £000	Total £000
At 1 January 2020	671	-	671
Charged to profit and loss account	-	3,769	3,769
Unwinding of discount	(29)	-	(29)
At 31 December 2020	642	3,769	4,411

Dilapidations

The provision is in respect of making good the properties currently in use at the end of the tenancies. The provision is calculated as disclosed in note 1 to the accounts. The leases expire within the next 2 to 3 years and the remedial works or settlements will be negotiated with the landlords towards these dates.

Onerous leases

Due to the effects of the COVID-19 pandemic, our employees have been working remotely and therefore our leased premises have been underutilised. Upon further assessment, the employees intend to continue working remotely indefinitely, which will leave the premises largely unused. As a result of this, the Company removed all furnishings and personal property from the Watford and Leeds leased premises. The Company is not intending to abandon the space and fully intends to comply with the terms of the lease for the remainder of the lease term. The Watford and Leeds contracts therefore are recognised as onerous contracts as the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

20. Called up share capital and reserves

	2020 £	2019 £
Authorised		
7,000,000 ordinary shares of £1 each	7,000,000	7,000,000
Allotted, called up and fully-paid		
7 ordinary shares of £1 each	7	7
Shares classified in shareholder's funds	7	7

The Company has one class of ordinary shares which carry no right to fixed income.

The Company's other reserves are as follows:

- The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.
- The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments. This reserve includes cumulative contributions to share-based payments to the value of £4,006k which are not distributable.
- The merger reserve represents the equity reserves transferred on merger and acquisition activities.

21. Financial commitments

Total future minimum lease payments under non-cancellable onerous contracts are as follows:

	2020 £000	2019 £000
- within one year	1,302	838
- between one and five years	1,767	2,460
	3,069	3,298

22. Pension scheme

The Company operates defined contribution money purchase pension scheme. The pension cost expense for the year represents contributions payable by the Company to the scheme and amounted to £1,493k (2019: £1,567k). The outstanding contributions payable at year end amount to £167k (2019: £167k) and are included in taxation and social security in Note 17.

23. Related party transactions

As the Company is a wholly-owned subsidiary of ACI Worldwide, Inc., the Company has taken advantage of the exemption contained in section 33 of FRS 102 (FRS 102.33.1A) and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties as 100% of the voting rights are controlled within the Group).

Notes to the financial statements
For the year ended 31 December 2020

24. Controlling party

In the opinion of the directors, the Company's ultimate parent company is ACI Worldwide, Inc., a company incorporated in Delaware, USA. This is also the parent undertaking of the largest and smallest group which includes the Company and for which group accounts are prepared. The registered office address of the parent company is 2811 Ponce de Leon Blvd, PH1 Coral Gables, FL 33134, USA. Copies of the group financial statements of ACI Worldwide, Inc. are available from http://investor.aciworldwide.com/financial-information/annual-reports.

The Company's immediate parent company at the period end, by virtue of the majority shareholding in ACI Worldwide (EMEA) Limited, was Applied Communications Inc. U.K. Holding Limited.

25. Post balance sheet events

On 13 August 2021, Company's sole shareholder, Applied Communications Inc. U.K. Holding Limited applied for the allotment and issuance of 1 share in the Company at a subscription price of £1.00 par value of the share plus share premium of £48,999,999. This is a non-adjusting event.