Registered number:
09907831

Global Reach Group Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2018

Company Information

Directors	J Harper E Fraser M J Hindley (resigned 31 March 2019) N Fullerton D A Campbell D J Stevens (appointed 8 January 2018) C J Richardson (appointed 1 May 2018) M R Smith-Halvorsen (resigned 25 January 2018)
Registered number	09907831
Registered office	Woolgate Exchange 25 Basinghall Street London EC2V 5HA
Independent auditors	BDO LLP Chartered Accountants 55 Baker Street London W1U 7EU

Contents

Strategic Report
For the Year Ended 31 December 2018

Introduction

The directors present their report and financial statements for the period ended 31 December 2018.

The principal activity of the Company is that of an intermediate holding company for the group.

Business review

The Group was restructured on 30 November 2018. The former shareholders of Global Reach Group Limited entered into a share for share exchange, receiving the shares of the newly incorporated parent of the Global Reach Group, Global Reach Group Holdings (Jersey) Limited.

Principal risks and uncertainties

The Company finances its operations via equity issuance and intercompany loans made with is subsidiaries. The equity is directly held by the ultimate parent company of the Group. Intercompany loans are held with various subsidiary undertakings, the loans are charged at a fixed rate of interest.

Financial key performance indicators

The directors monitor the performance of the Company monthly. The key performance indicators are considered to be profit after tax and net assets, which have amounted to a loss of £593k (2017: £668k loss) and £13.6m (2017: £14.2m) respectively in the current period. The directors are satisfied with this performance.

Future developments

The Company will continue to act as an intermediate holding company of the Global Reach Group.

This report was approved by the board on 27 September 2019 and signed on its behalf.

D J Stevens
Director

Directors' Report

For the Year Ended 31 December 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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;
- 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 to 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.

Principal activity

The principal activity of the Company during the period was that of an intermediate holding company for the Group.

Results and dividends

The profit for the year, after taxation, amounted to £593k (2017 - loss £668k).

Directors

The directors who served during the year were:

J Harper
E Fraser
M J Hindley (resigned 31.March 2019)
N Fullerton
D A Campbell
D J Stevens (appointed 8 January 2018)
C J Richardson (appointed 1 May 2018)
M R Smith-Halvorsen (resigned 25 January 2018)

Directors' Report (continued)
For the Year Ended 31 December 2018

Financial Instruments

The Company's financial instruments comprise financial assets and liabilities, that arise directly from its transactions with the shareholder and group undertakings.

Matters covered in the strategic report

The Board is responsible for identifying principal risks and for proposing suitable mitigating strategies. This has been addressed in the Strategic report, along with a full review of the position and performance of the Company and expected future developments.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and

- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

The directors authorised a share split which took effect on 3 January 2019. This was to align the nominal values across each class of share. Subsequently all share classes were converted into one aggregate class of ordinary shares of £0.00001 each by issuing 15,000,186,988,845 shares.

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 17 September 2019 and signed on its behalf.

D J Stevens
Director

Independent Auditors' Report to the Members of Global Reach Group Limited

Opinion

We have audited the financial statements of Global Reach Group Limited ("the Company") for the year ended 31 December 2018 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditors' Report to the Members of Global Reach Group Limited

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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 material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Independent Auditors' Report to the Members of Global Reach Group Limited

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 at the Financial Reporting Council's website at:
https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Brown

Daniel Taylor (Senior statutory auditor)
for and on behalf of
BDO LLP, statutory auditor

London, UK

Date: 27 September 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income

For the Year Ended 31 December 2018

	Note	2018 £000	2017 £000
Administrative expenses		**(444)**	(499)
Exceptional administrative expenses	7	**(189)**	(194)
Operating loss		**(633)**	(693)
Interest receivable and similar income	5	**29**	25
Loss before tax		**(604)**	(668)
Tax on loss	6	**11**	-
Loss and total comprehensive loss for the financial year		**(593)**	(668)

The notes on pages 11 to 26 form part of these financial statements.

All amounts relate to continuing operations.

Balance Sheet
As at 31 December 2018

	Note		2018 £000		2017 £000
Fixed assets					
Investments	8		15,055		15,055
			15,055		15,055
Current assets					
Debtors: amounts falling due after more than one year	9	298		261	
		298		261	
Creditors: amounts falling due within one year	10	(1,754)		(1,125)	
Net current liabilities			(1,456)		(864)
Total assets less current liabilities			13,599		14,191
Creditors: amounts falling due after more than one year	11		(4)		(3)
			13,595		14,188
Net assets			13,595		14,188
Capital and reserves					
Called up share capital	13		15,000		15,000
Profit and loss account	15		(1,405)		(812)
			13,595		14,188

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2019.

D J Stevens
Director

The notes on pages 11 to 26 form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2018	15,000	(812)	14,188
Comprehensive income for the year			
Loss for the year	-	(593)	(593)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(593)	(593)
Total transactions with owners	-	-	-
At 31 December 2018	15,000	(1,405)	13,595

The notes on pages 11 to 26 form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2017	-	253	1	254
Comprehensive income for the year				
Loss for the year	-	-	(668)	(668)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(668)	(668)
Shares issued during the year	15,000	5	-	15,005
Transaction costs relating to equity issuance	-	(258)	(145)	(403)
Total transactions with owners	15,000	(253)	(145)	14,602
At 31 December 2017	15,000	-	(812)	14,188

The notes on pages 11 to 26 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2018

1. General information

Global Reach Group Limited is a private company limited, incorporated with the Registrar of Companies for England and Wales. The Company's registered address is as follows; Woolgate Exchange, 25 Basinghall Street, London, EC2V 5HA.

The principal activity of the Company during the period was that of an intermediate holding company of the Global Reach Group.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The financial statements are presented in Sterling (£'000), the Company's functional currency, which is the currency of the primary economic environment in which the Company operates.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2.14).

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital management;
- the effect of future accounting standards not yet adopted;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the disclosure of the remuneration of key management personnel;
- the requirements of IFRS 7 Financial Instruments: Disclosures; and
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.

2.3 Going concern

After reviewing the Company's forecasts and projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Notes to the Financial Statements
For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.4 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and 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.

Financial assets and liabilities are only offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company's accounting policies in respect of financial instruments transactions are explained below.

Financial assets

Amortised cost
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Where the face value of the loan exceeds the fair value of the loan on initial recognition this difference is treated as follows:

- If the loan is to a parent Company the difference is shown as a deduction from equity;
- If the loan is to a fellow subsidiary, and made under the instruction of the parent, the difference is shown as a deduction from equity; and
- If the loan is due from a subsidiary the difference is added to the investment in that subsidiary.

Interest receivable on the loan is recognised in the statement of comprehensive income under the effective interest method.

Impairment provisions for current and non-current receivable assets are recognised using the simplified approach as required by IFRS 9. A provision matrix is used to determine the lifetime expected credit loss of the assets held at amortised cost. Probability of non-payment and the expected loss arising from default are assessed to determine whether a lifetime expected credit loss should be recognised against the receivable assets. The Company considers a receivable to be in default when the borrower is unable to pay its contractual obligations in full.

For receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the Statement of Comprehensive Income. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Notes to the Financial Statements
For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.4 Financial instruments (continued)

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For such assets, where the credit risk has not increased significantly since initial recognition, a twelve-month expected credit loss is recognised. For financial assets where credit risk has increased significantly, a lifetime expected credit loss is recognised.

Evidence that there has been a significant increase in credit risk since initial recognition is observed from verifiable data, indicating significant financial difficulty of the borrower. Significant financial difficulty would include default under a contractual obligation, or when it is probable that the borrower will enter bankruptcy.

The Company's financial assets measured at amortised cost comprise intercompany borrowings.

Financial liabilities

Other financial liabilities

Other financial liabilities including external borrowings and intercompany borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Balance Sheet. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Amounts due to group companies are initially recognised at fair value being the present value of future interest and capital payments discounted at the market rate of interest for a similar financial liability. Where the face value of the loan exceeds the fair value of the loan on initial recognition this difference is treated as follows:

- If the loan is from a parent Company the difference is shown as a credit to equity;
- If the loan is from a fellow subsidiary, and made under the instruction of the parent, the difference is shown as a credit to equity; and
- If the loan is from a subsidiary the difference is recognised in the statement of comprehensive income.

Interest payable on the loan is recognised in statement of comprehensive income under the effective interest method.

For group loans which are due on demand or where there is no significant difference between the amount due/payable and fair value on initial recognition then such loans are carried at the amount due/payable on an amortised cost basis.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Accounting policies (continued)

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest over the relevant period. The effective rate is the rate that exactly discounts estimated future cash receipts (including fees and points paid or received that form an integral part of the effective rate, transaction costs other premiums or discounts) through the expected life of the debt instruments, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.5 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Cost is deemed to be the fair value of any consideration provided to subsidiary undertakings.

2.7 Impairment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit (CGU) level. At each reporting date management.review for indicators of impairment for any relevant assets or CGU.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss can be reversed if the asset's or cash-generating unit's recoverable amount is equal to or exceeds its carrying amount.

2.8 Long-term employee benefits

For long-term employee benefits, other than retirement and termination benefits, liabilities are recognised and measured at the present value of the estimated future cash flows of the Company fulfilling those obligations up to the reporting date.

Where any obligation to settle a liability is out of the control of the Company the liability is not discounted and held on the balance sheet at its undiscounted value.

2.9 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

Notes to the Financial Statements
For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.10 Taxation

Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax liabilities are provided in full and are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Statement of Comprehensive Income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.12 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.13 Changes in accounting policies

New standards, interpretations and amendments effective for the period ended 31 December 2018

The following new standards, amendments and interpretations are effective for the first time for periods beginning on or after 1 January 2018 but have not had a material effect on the Company and so have not been discussed in detail in the notes to the financial statements:

• **IFRS 15 - Revenue from Contracts with Customers**
As the Company has no revenue, the change in standard has not impacted the Company.

• **IFRS 9 - Financial Instruments**
IFRS 9 has replaced IAS 39 - Financial Instruments: Recognition and Measurement (IAS 39), and has had an immaterial impact on the Company in the following areas:

- Classification of Financial Instruments - Under IAS 39, certain financial instruments were classified as 'Loans and Receivables', however this has been replaced with the 'Amortised Cost' classification under IFRS 9.

- Expected credit loss model - The Company applied the expected credit loss model when calculating impairment losses on its financial assets measured at amortised cost (such as intercompany receivables). This did not have a material impact on the gross carrying amount of financial instruments held at amortised cost.

The Company has elected not to restate comparatives on adoption of IFRS 9 and, therefore, these changes have been processed at the date of initial application.

Notes to the Financial Statements

For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.14 Critical judgements in applying accounting policies and key sources of estimation uncertainty

When preparing the financial statements, the directors make a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Impairment of fixed asset investments
At each reporting date management must review for indicators of impairment for fixed asset investments. Judgements are required to determine whether there are any factors that may indicate the assets' recoverable amount is lower than its carrying value.

Classification of ordinary shares
The ordinary share classes E to L provide the holder the right to a specified return on a sale or other capital distribution event. Judgement is required in classification of the instrument and the recognition of any future liability in relation to the return. The directors have deemed it appropriate to classify the instruments as equity and the required return as a contingent liability due to the uncertainty of the timing and occurrence of such future events.

Classification of preference shares
Management have created a long-term benefit scheme to incentivise certain employees via the issuance of preference and/or B4 ordinary shares.

The preference shares are in substance deemed a deferred cash bonus which will be awarded upon an exit event. As the timing of a sale of shares or relevant asset sale are outside of the control of the Company, management have chosen to recognise the fixed accumulative dividends as an accrued liability. This liability is effectively an on-demand loan since the timing of a sale of shares or a relevant asset sale is out of the Company's control and therefore has not been discounted.

If, and when, any dividends are declared for B4 shareholders, this will be recognised as an employee expense as the employee shareholders are only able to receive such dividends if they are still in employment. Their receipt of the dividends is not in the capacity as an equity holder but rather as an employee.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Fair value measurement
Management have estimated the fair value of financial instruments at initial recognition. The instruments have been valued by discounting the future cash flows to a present value.

Intercompany borrowings
Management have deemed that loans lent on to subsidiary undertakings are at a market rate and therefore the carrying value of the loans are an accurate approximation of fair value. Management determine impairment based on the borrowers' historically observed data, adjusted for forward-looking information. There have been no indicators based on this assessment that suggest a change in the assets' recoverability.

Notes to the Financial Statements

For the Year Ended 31 December 2018

3. Auditors' remuneration

	2018 £000	2017 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	-	142

In the current year, the auditor's remuneration has been borne by the ultimate parent undertaking of the Company.

In the prior year, the Company met the full cost of the audit of the Company and all of its subsidiary undertakings.

Fees paid to the Company's auditor and its associates for services other than the statutory audit of the Company are not disclosed in these accounts since the consolidated accounts of the Company's ultimate parent undertaking, Global Reach Group Holdings (Jersey) Limited, are required to disclose non-audit fees on a consolidated basis.

4. Directors Remuneration

Staff costs, including directors' remuneration, were as follows:

	2018 £000	2017 £000
Directors' emoluments	160	65
	160	65

M J Hindley, C J Richardson, D J Stevens and N Fullerton were remunerated by other entities of the Global Reach Group. Since any qualifying services in respect of the Company are considered to be incidental and part of the directors' overall management responsibility within the Global Reach Group, no amounts are disclosed.

During the period, retirement benefits were accruing to no directors (2017: nil) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £113k (2017: £65k).

5. Interest receivable

	2018 £000	2017 £000
Interest receivable from group companies	29	25

Notes to the Financial Statements

For the Year Ended 31 December 2018

6. Taxation

	2018 £000	2017 £000
Total current tax	-	-
Origination and reversal of timing differences	(11)	-
Taxation on (loss)/profit on ordinary activities	(11)	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Loss on ordinary activities before tax	(604)	(668)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	(115)	(128)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	39	37
Adjust closing deferred tax to average rate (19.00%)	1	-
Group relief surrendered	64	91
Total tax charge for the year	(11)	-

Factors that may affect future tax charges

The Finance (No 2) Act 2017, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 17% effective from 1 April 2020, was substantively enacted on 16 November 2017. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

Notes to the Financial Statements

For the Year Ended 31 December 2018

7. Exceptional items

	2018 £000	2017 £000
Restructuring costs	**189**	-
Professional fees	**-**	194

In the prior year, exceptional items were related to due diligence work for a prospective transaction, which was not completed.

In the current year, exceptional items relate to professional fees for the restructuring of the group and incorporation of Global Reach Group Holdings (Jersey) Limited as the ultimate parent company of the Global Reach Group.

8. Fixed asset investments

	Investment in subsidiary company £000
Cost or valuation	
At 1 January 2018	**15,055**
At 31 December 2018	**15,055**
Net book value	
At 31 December 2018	**15,055**
At 31 December 2017	15,055

Notes to the Financial Statements
For the Year Ended 31 December 2018

8. Fixed asset investments (continued)

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Project Galaxy Midco Limited	Ordinary	100 %	Holding company

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Project Galaxy Bidco Limited	Ordinary	100 %	Holding company
Global Reach Partners Limited	Ordinary	100 %	Foreign exchange solutions
Foreign Currency Exchange Limited	Ordinary	100 %	Foreign exchange solutions
Oberon Financial Limited	Ordinary	100 %	Dormant
FC Exchange (PTY) Limited	Ordinary	100 %	Foreign exchange solutions
Corporate FX Limited	Ordinary	100 %	Dormant
FC Exchange Markets Limited	Ordinary	100 %	Dormant
FC Exchange Limited	Ordinary	100 %	Dormant
Global Reach FX BV	Ordinary	100 %	Foreign exchange solutions
Corporate FX+ Limited	Ordinary	100 %	Dormant

All direct and indirect subsidiaries are incorporated in the United Kingdom, except for Global Reach FX BV which is incorporated in The Netherlands.

All the subsidiaries, aside from two exceptions, are registered under the following address: Woolgate Exchange, 25 Basinghall Street, London, EC2V 5HA.

FC Exchange (PTY) LTD is registered under the following address: The Watershed, 17 Dock Road, The V&A Waterfront, Cape Town, South Africa.

Global Reach FX BV is registered under the following address: Strawinskylaan 4117 4th Floor, Amsterdam, The Netherlands.

Notes to the Financial Statements

For the Year Ended 31 December 2018

9. Debtors

	2018 £000	2017 £000
Due after more than one year		
Amounts owed by group undertakings	265	240
Amounts owed by Employee Benefit Trust	22	21
Deferred taxation	11	-
	298	261

Expected credit losses on receivables are assessed by considering both qualitative and quantitative information including financial performance indicators as well as external market trends. None of the receivables remaining at the year-end have been subject to an increase in credit risk since initial recognition and no 12-month expected credit losses have been identified; consequently, the directors consider there to be no impairment.

10. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	32	111
Amounts owed to group undertakings	1,543	851
Accruals	179	163
	1,754	1,125

11. Creditors: Amounts falling due after more than one year

	2018 £000	2017 £000
Cumulative interest on preference shares	4	3
	4	3

The cumulative interest on the issued preference shares is due and payable prior to a sale or listing or relevant asset sale.

Notes to the Financial Statements
For the Year Ended 31 December 2018

12. Financial instruments

	2018 £000	2017 £000
Financial assets		
Financial assets measured at amortised cost	287	261
Financial liabilities		
Financial liabilities measured at amortised cost	(1,758)	(1,128)

Financial assets measured at amortised cost comprise amounts owed by group undertakings and amounts owed by the EBT.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings, accruals and deferred income and accrued interest payable on preference shares.

Notes to the Financial Statements
For the Year Ended 31 December 2018

13. Share capital

	2018 £	2017 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
3,258 - A1 Ordinary shares of £0.01 each	**32**	32
6,778 - A2 Ordinary shares of £0.00001 each	-	-
1,668 - B1 Ordinary shares of £0.00001 each	-	-
1,881 - B2 Ordinary shares of £0.01 each	**19**	19
1,168 (2017 - 1,098) - B3 Ordinary shares of £0.00001 each	-	-
2,067 (2017: 1,883) - B4 Ordinary shares of £0.00001 each	-	-
592 (2017 - 454) - B5 shares of £0.01 each	**5**	5
12,956 - Preference shares of £0.01 each	**130**	130
320 - C1 Ordinary shares of £0.000005	-	-
87 - C2 Ordinary shares of £0.000005	-	-
1 - E1 Ordinary share of £0.1	-	-
1 - E2 Ordinary share of £1,717,942	**1,717,942**	1,717,942
1 - F1 Ordinary share of £0.1	-	-
1 - F2 Ordinary share of £777,976	**777,976**	777,976
1 - G1 Ordinary share of £0.1	-	-
1 - G2 Ordinary share of £136,688	**136,688**	136,688
1 - H1 Ordinary share of £0.1	-	-
1 - H2 Ordinary share of £136,688	**136,688**	136,688
1 - I1 Ordinary share of £0.1	-	-
1 – I2 Ordinary share of £152,089	**152,089**	152,089
1 - J1 Ordinary share of £0.1	-	-
1 - J2 Ordinary share of £766,389	**766,389**	766,389
1 - K1 Ordinary share of £0.1	-	-
1 - K2 Ordinary share of £9,145,937	**9,145,937**	9,145,937
1 - L1 Ordinary share of £0.1	-	-
1 - L2 Ordinary share of £2,166,291	**2,166,291**	2,166,291
Total share capital	**15,000,186**	15,000,186

Notes to the Financial Statements
For the Year Ended 31 December 2018

13. Share capital (continued)

Rights and obligations

A1, B2 and B5 Ordinary shares carry no redemption rights. Each share carries voting rights and rights to attend or speak at an AGM. The shares are entitled to a dividend at the discretion of the board. They also carry the right to capital distribution (including on winding up), although in subsequent priority to preference shares.

A2, B1, B3, and B4 Ordinary shares carry no redemption rights or voting rights. They do carry the right to attend or speak at an AGM. The shares are entitled to a dividend at the discretion of the board. They also carry the right to capital distribution (including on winding up), although in subsequent priority to preference shares.

Preference shares carry no redemption rights, no conversion rights, no voting rights or any rights to attend or speak at an AGM. On a liquidation or capital reduction their return of capital ranks above all other shares. The shares are entitled to a dividend at 12% of the issue price per Preference share, which shall accrue and be calculated each calendar year. All accruals of Preference share dividend shall become due and payable immediately prior to the sale or a listing of the Group, but shall not otherwise be payable prior to such date.

The C Ordinary shares carry no redemption rights or voting rights. They do carry the right to attend or speak at an AGM. The shares are entitled to a dividend at the discretion of the board. They also carry the right to capital distribution (including on winding up), as stipulated by the Company's Articles of Association.

The E to L Ordinary Shares, carry no redemption rights or voting rights. They do carry the right to attend or speak at an AGM. The shares provide the holder the right to a specified return of 12% on the share's nominal value, which will fall due on a sale, or other capital distribution.

14. Deferred taxation

	2018
	£000
Charged to profit or loss	**11**
At end of year	**11**

The deferred tax asset is made up as follows:

	2018	2017
	£000	£000
Tax losses carried forward	**11**	-
	11	-

Notes to the Financial Statements
For the Year Ended 31 December 2018

15. Reserves

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

16. Related party transactions

As permitted by FRS 101 related party transactions with wholly owned members of the Global Reach Group have not been disclosed.

The following balances were outstanding at the end of the reporting period:

	2018 £000	2017 £000
Project Galaxy Midco Limited	**265**	237
Project Galaxy Bidco Limited	**-**	(1)
Global Reach Partners Limited	**(1,540)**	(848)
Foreign Currency Exchange Limited	**(2)**	-
	(1,277)	(612)

During the year the Company entered into the following transactions with related parties.

On 6 June 2018, a loan was made to the Group's Employee Benefit Trust of £1,040 in order to repurchase the Ordinary Shares previously issued to a former manager, D Thomas.

17. Post balance sheet events

During the year, the Company's board of directors authorised a share split on 13 December 2018, taking effect on 3 January 2019. This was to align the nominal values across each class of share. Subsequently, all share classes were converted into one aggregate class of ordinary shares of £0.00001 each by issuing 15,000,186,988,845 shares.

18. Controlling party

On 30 November 2018, the Company was acquired by Global Reach Group Holdings (Jersey) Limited via a share for share exchange. The ultimate parent undertaking of the Company was Global Reach Group Holdings (Jersey) Limited from that date, incorporated in Jersey. The largest and smallest group in which the results of the Company are consolidated is head by Global Reach Group Holdings (Jersey) Limited. The consolidated accounts are available from the address as stated under the general information above (note 1).

The Company's ultimate controlling party is Inflexion Buyout Fund IV (No 1) Limited Partnership and Inflexion Buyout Fund IV (No 2) Limited Partnership. The two funds are managed by Inflexion Buyout Fund IV General Partner Guernsey Limited.