PRAESIDIAD LIMITED
(Incorporated in England and Wales, company number: 10847428)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 December 2019

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CORPORATE INFORMATION

Directors

D Koutrouki	(appointed 20 June 2019)
A Chokra	(appointed 13 December 2019)
PC Skertchly	(resigned 9 August 2019)
Jane Douglas	(resigned 20 June 2019, appointed 24 September 2019, resigned 19 March 2020)

Independent Auditors
PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Registered address
York House
Pentonville Road
London
N1 9UZ

Praesidiad Limited (the "Company") is a private company, limited by shares and registered in England and Wales (No. 10847428), its Registered Office is located at York House, Pentonville Road, London, N1 9UZ.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of an intermediate holding company and head office corporate services provider to other group companies. There has not been any significant change in the Company's principal activity in the year under review.

BUSINESS REVIEW

On 4 October 2017, the Company acquired 99.99% of the equity shares of Praesidiad Holding BVBA (formerly Betafence Holding BVBA), an unlisted Company based in Belgium. Betafence Holding BVBA was the holding Company of a pre-existing Group which is a manufacturer of perimeter defence and high security products to a variety of customers. The business has operations primarily across Europe. The Company has continued to be a holding company providing head office corporate services during the current year. During the year as a part of a group restructuring and simplifications process certain dormant indirect subsidiaries have been put into deregistration and certain intercompany loan balances have been settled. The Company's subsidiaries continue to successfully trade and operate in various jurisdictions.

The Company's loss for the year ended 31 December 2019 was £23,647,436 (2018: £40,175,902).
The Company's net liability position for the year ended 31 December 2019 was £49,465,848 (2018: £25,818,412).

FUTURE DEVELOPMENTS

The Directors are not aware, at the date of this report, of any likely major changes in the Company's principal activity in the forthcoming year.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to a variety of financial risks that include liquidity risk, credit risk, foreign currency risk and interest rate risk. The risk of legal compliance is mitigated by stringent controls, policies and procedures at Group (Praesidiad Group Limited) level which incorporates subsidiaries including this Company to ensure that contractual and legal obligations are fully complied with. The group treasury function monitors and manages liquidity, credit, interest rate and foreign exchange risks relating to the loans.

LIQUIDITY RISK

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

The Company has minimised its liquidity risk by ensuring that it has adequate banking facilities and reserve borrowing capacity.

Prudent liquidity risk management includes maintaining sufficient cash and ensuring the availability of funding from adequate credit facilities.

CREDIT RISK

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date. The credit risk is reduced as the bulk of the Company's receivables are inter group receivables. The cash and liquidity levels are continuously monitored by the Group treasury function which includes Praesidiad Limited and the counter party receivables.

The Company recognises a provision for bad debts to cover potential impairment of past due debts. In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics.

The external loans and borrowings are with a syndicate of banks, all of whom have an investment grade credit rating from Moody's. Cash is deposited with banks who are third parties, investment grade per Moody's and reputable.

FOREIGN EXCHANGE RISK

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which revenue, purchases and borrowings are denominated.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group – primarily euro. The group treasury function monitors cash flows and ensures adequate funds in those currencies are available.

In addition, interest on borrowings is denominated in the currency of the borrowing. Having borrowings in the currency of expected cash flows provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances.

INTEREST RATE RISK
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

CORONAVIRUS

The outbreak of the coronavirus (COVID-19) and the rapid spread during the first quarter of 2020 poses many risks and uncertainties in the global economy and also for the Praesidiad Group. The effects of this were felt towards the end of quarter one and into quarter two of 2020. This will have an impact on the Group's customer industries as well as on its supply chain and production. Currently many of these risks are unquantifiable. It also has the potential to crystallise other principal risks (mentioned above) simultaneously, with the effect that the impact could be significantly magnified. As a response to the current circumstances, a detailed risk assessment and scenario planning was undertaken by the executive management team to assess the cumulative impact and the appropriate mitigating actions. Refer to the directors report for further details.

This report was approved by the board and signed on its behalf by:

A Chokra
Director
03 June 2020

The directors present their annual report on the activities of the Company for the year ended 31 December 2019.

RESULTS

The Company's loss for the year ended 31 December 2019 was £23,647,436 (2018: £40,175,902).

DIVIDEND

The directors are unable to declare a dividend for the year ended 31 December 2019 (2018: £ nil).

DIRECTORS

The directors of the Company who were in office during the year and up to the date of signing the financial statements were;

D Koutrouki	(appointed 20 June 2019)
A Chokra	(appointed 13 December 2019)
PC Skertchly	(resigned 9 August 2019)
Jane Douglas	(resigned 20 June 2019, appointed 24 September 2019, resigned 19 March 2020)

GOING CONCERN

Substantive information about what has now been identified as coronavirus (or COVID-19) only came to light in early 2020. Therefore, for this Company having a 31 December 2019 year-end, the emergence of coronavirus is a non-adjusting event per IAS 10 (events after the reporting period). Given that the emergence and spread of the COVID-19 virus is not considered to provide more information about conditions that existed at the balance sheet date, the measurement of assets and liabilities in these financial statements have not been adjusted for its potential impact. Although estimating future cash flows is often relevant when, for example, testing stocks, debtors and other assets for impairment, such estimates should nonetheless be based on what could have reasonably been known at the balance sheet date. At the balance sheet date there were no lockdowns in regions where the Company has operations and therefore the disruptions seen in early 2020 were not known to the Company (or most other groups and governments).
The Company is owned and is a part of the Praesidiad Group of companies ("the Group"). The Company relies on the support of the Group for its going concern assessment.
The Company and Group has been affected by the virus, however they have taken steps to respond to the disruptions caused where possible. At year end the Group had a significant amount of liquidity (including undrawn borrowing facilities). In respect of the 2019 financial statements, despite being a non-adjusting post balance sheet event, the effect of the virus has a material impact on the going concern assessment. A thorough going concern test has been performed by the Group which considers all subsidiary companies including this company. The Group has performed various forecasts and scenario planning taking the disruption of the coronavirus into account. The Group's base case assumptions adjusted for the effects of the coronavirus show that it will be able to operate for at least 12 months from the date of approval of the Annual Report and consolidated financial statements with sufficient liquidity and no breach of financial covenants. This assessment supports the assumption that the Group is and will remain a going concern for at least the next 12 months. The Group's consolidated financial statements, including going concern assessment will be publicly available on the UK's Companies House once they have been filed.
At the time of issuing of the financial statements there are unprecedented market conditions driven by the outbreak of COVID-19, which increases the uncertainty of delivering the Group's forecasts and accordingly the risk that the Group may breach a financial covenant. The Group has therefore concluded that these conditions indicate that a material uncertainty exists that may cast significant doubt over the Group's ability to continue as a going concern. Notwithstanding this material uncertainty, the Group's confidence in the forecasts, support and ability to service the debt facilities supports the Group's going concern assessment covering a period of at least 12 months from the date of approval of the Annual Report and consolidated financial statements.

The directors have considered the Group's assessment of going concern and make the same conclusions around the going concern assessment of the Company. The Company has therefore concluded that these conditions indicate that a material uncertainty exists that may cast significant doubt over the Company's ability to continue as a going concern. Notwithstanding this material uncertainty, the Company's confidence in the Group's position supports the Company's going concern assessment covering a period of at least 12 months from the date of approval of the Company financial statements. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

EVENTS AFTER THE REPORTING DATE AND FUTURE DEVELOPMENTS

As noted above, the outbreak of the coronavirus COVID-19 will have an impact on the Company, mostly through the subsidiary companies customers as well as on subsidiary supply chains and production. Considering that the spread of the virus accelerated during the first quarter 2020, this event was classified as a non-adjusting event for accounting purposes. Given the uncertainties on scope and length as well as the ongoing developments, the Company cannot give any accurate or reliable estimates on the ultimate potential quantitative impacts currently. This will likely result in an overall challenged and volatile market environment for subsidiaries. There are no other material events after the reporting period to disclose.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political or charitable donations during the year.

DIRECTORS' INDEMNITY ARRANGEMENTS

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity was in place during the year and remains in force as at the date of approving the Directors' report.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP (PwC) was previously appointed as auditors of the Company. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed as reappointed and PwC will continue in office.

DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the board of directors and signed on its behalf by:

A Chokra
Director
03 June 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 year.

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

- select suitable accounting policies and then apply them consistently;

- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;

- make judgements and accounting estimates that are reasonable and prudent; 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 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.
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.

Independent auditors' report to the members of Praesidiad Limited

Report on the audit of the financial statements

Opinion

In our opinion, Praesidiad Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2019; the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.1 to the financial statements concerning the company's ability to continue as a going concern, in which management has described the possible impact and consequences of the COVID-19 virus on the entity and the environment in which the entity operates as well as the measures taken and planned to deal with these events or circumstances. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the financial statements set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Nigel Comello (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
3 June 2020

PRAESIDIAD LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Note	2019 £	2018 £
Revenue	2	6,686,296	6,446,998
General & administrative expenses	3	(13,016,936)	(10,542,989)
Expected credit loss on receivables	4	(95,523)	(322,636)
Operating loss		**(6,426,163)**	**(4,418,627)**
Finance income	8	27,956,000	8,080,439
Finance costs	9	(44,003,050)	(45,011,937)
Loss before taxation		**(22,473,213)**	**(41,350,125)**
Income tax (expense)/benefit	10	(1,174,223)	1,174,223
Loss for the financial year		**(23,647,436)**	**(40,175,902)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(23,647,436)**	**(40,175,902)**

The notes on pages 14 to 25 are an integral part of these financial statements

PRAESIDIAD LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	31 Dec 2019	31 Dec 2018
		£	£
ASSETS			
Non-current assets			
Property, plant and equipment	11	508,707	42,574
Intangible assets	12	7,164,139	1,780,800
Investment in subsidiaries	13	361,648,651	361,648,649
Loan receivable	14	80,747,218	202,787,750
Current assets			
Trade and other receivables	15	4,005,360	6,186,260
Current tax assets		-	1,174,223
Cash and cash equivalents	16	-	-
Total assets		**454,074,075**	**573,620,256**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	17	(478,538,085)	(583,356,463)
Lease liabilities	18	(249,864)	-
Current liabilities			
Trade and other payables	19	(23,881,366)	(15,412,692)
Loan and borrowings	17	(636,805)	(669,513)
Lease liabilities	18	(233,803)	-
Total liabilities		**(503,539,923)**	**(599,438,668)**
Net liabilities		**(49,465,848)**	**(25,818,412)**
EQUITY			
Capital and Reserves			
Equity attributable to equity holders of the parent			
Share capital	20	247,882	247,882
Share premium	20	24,540,299	24,540,299
Accumulated losses		(74,254,029)	(50,606,593)
Total Equity		**(49,465,848)**	**(25,818,412)**

The notes on pages 14 to 25 are an integral part of these financial statements.

The financial statements on pages 11 to 25 were approved by the board of directors and signed on their behalf on 03 June 2020 by:

A Chokra
Director
03 June 2020

Registered Company number: 10847428

PRAESIDIAD LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Share Capital	Share Premium	Accumulated losses	Total Equity
	£	£	£	£
Balance at 1 January 2018	247,882	24,540,299	(10,430,691)	14,357,490
Loss for the financial year	-	-	(40,175,902)	(40,175,902)
Other comprehensive income	-	-	-	-
Balance as at 31 December 2018	247,882	24,540,299	(50,606,593)	(25,818,412)
Loss for the financial year	-	-	(23,647,436)	(23,647,436)
Other comprehensive income	-	-	-	-
At 31 December 2019	**247,882**	**24,540,299**	**(74,254,029)**	**(49,465,848)**

The notes on pages 14 to 25 are an integral part of these financial statements

1 SIGNIFICANT ACCOUNTING POLICIES

General information
Praesidiad Limited ("the Company") is a private company, limited by shares, incorporated and domiciled in England and Wales on the 3 July 2017, its registered number is 10847428. The address of the registered office is York House, Pentonville Road, London, N1 9UZ.

The Company's immediate parent company is Praesidiad Group Limited, a company registered in England and Wales which owns 100% of the shares.

The ultimate parent company is Erpe Topco Limited, a company registered in England & Wales. Praesidiad Group Limited is the parent undertaking of the smallest group to consolidate these financial statements and Erpe Topco Limited is the parent undertaking of the largest group to consolidate these financial statements.

The Company's ultimate controlling party is CEP IV Participations S.a.r.l., SICAR (incorporated in Luxembourg).

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

1.1 Basis of preparation
The financial statements of the Company are presented as required by the Companies Act 2006 as applicable to companies using FRS 101 Reduced Disclosure Framework. The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council (FRC). The financial statements have been prepared in accordance with FRS 101 (incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and July 2016 and the amendments to Company law made by the Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015).

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement'
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of: (i) paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1, 'Presentation of financial statements': 10(d) (statement of cash flows); 16 (statement of compliance with all IFRS); 38A (requirement for minimum of two primary statements, including cash flow statements); 38B–D (additional comparative information); 111
  (cash flow statement information); and 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8,
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a Group.

Where required, equivalent disclosures are given in the consolidated financial statements.
The financial statements have been prepared under the historical cost convention (unless otherwise indicated). The accounting policies have been applied consistently, other than where new policies have been adopted. These financial statements have been presented in Pound Sterling as this is the functional currency of the primary economic environment in which the Company operates. The principal accounting policies adopted are summarised below.

Going Concern

The Company is in a net liabilities position at 31 December 2019. Substantive information about what has now been identified as coronavirus (or COVID-19) only came to light in early 2020. Therefore, for this Company having a 31 December 2019 year-end, the emergence of coronavirus is a non-adjusting event per IAS 10 (events after the reporting period).
Given that the emergence and spread of the COVID-19 virus is not considered to provide more information about conditions that existed at the balance sheet date, the measurement of assets and liabilities in these financial statements have not been adjusted for its potential impact. Although estimating future cash flows is often relevant when, for example, testing stocks, debtors and other assets for impairment, such estimates should nonetheless be based on what could have reasonably been known at the balance sheet date. At the balance sheet date there were no lockdowns in regions where the Company has operations and therefore the disruptions seen in early 2020 were not known to the Company (or most other groups and governments).

1 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

1.1 Basis of preparation (Cont.)

Going Concern (Cont.)

The Company is owned and is a part of the Praesidiad Group of companies ("the Group"). The Company relies on the support of the Group for its going concern assessment.

The Company and Group has been affected by the virus, however they have taken steps to respond to the disruptions caused where possible. At year end the Group had a significant amount of liquidity (including undrawn borrowing facilities). In respect of the 2019 financial statements, despite being a non-adjusting post balance sheet event, the effect of the virus has a material impact on the going concern assessment. A thorough going concern test has been performed by the Group which considers all subsidiary companies including this company. The Group has performed various forecasts and scenario planning taking the disruption of the coronavirus into account. The Group's base case assumptions adjusted for the effects of the coronavirus show that it will be able to operate for at least 12 months from the date of approval of the Annual Report and consolidated financial statements with sufficient liquidity and no breach of financial covenants. This assessment supports the assumption that the Group is and will remain a going concern for at least the next 12 months. The Group's consolidated financial statements, including going concern assessment will be publicly available on the UK's Companies House once they have been filed.

At the time of issuing of the financial statements there are unprecedented market conditions driven by the outbreak of COVID-19, which increases the uncertainty of delivering the Group's forecasts and accordingly the risk that the Group may breach a financial covenant. The Group has therefore concluded that these conditions indicate that a material uncertainty exists that may cast significant doubt over the Group's ability to continue as a going concern. Notwithstanding this material uncertainty, the Group's confidence in the forecasts, support and ability to service the debt facilities supports the Group's going concern assessment covering a period of at least 12 months from the date of approval of the Annual Report and consolidated financial statements.

The directors have considered the Group's assessment of going concern and make the same conclusions around the going concern assessment of the Company. The Company has therefore concluded that these conditions indicate that a material uncertainty exists that may cast significant doubt over the Company's ability to continue as a going concern. Notwithstanding this material uncertainty, the Company's confidence in the Group's position supports the Company's going concern assessment covering a period of at least 12 months from the date of approval of the Company financial statements. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

1.2 Consolidated financial statements exemption

Under section 400 of the Companies Act 2006 the Company is entitled to an exemption from preparing consolidated financial statements thus consolidated financial statements have not been prepared. These financial statements therefore represent the separate financial statements of the Company. It is included in the consolidated financial statements of Praesidiad Group Limited, which are publicly available.

1.3 Summary of other significant accounting policies

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business net of discounts, VAT and other sales-related taxes.

The Company recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. Management services are performed by an indeterminate number of acts over a specified period of time and revenue is therefore recognised over the straight-line method over the specified term of the contract.

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

Taxation

The tax expense for the year comprises current and deferred tax.

Current tax

Current tax is the expected tax payable on the taxable income for the year using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year and any adjustment to tax payable in respect of previous years.

Current tax and deferred taxes are charged or credited to Other Comprehensive Income if the tax relates to items that are credited or charged, in the same or a different year, to Other Comprehensive Income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different year, directly in equity. The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

1 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

1.3 Summary of other significant accounting policies (cont.)

Deferred tax

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

Deferred tax liabilities are recognised for all taxable temporary differences (unless the deferred tax liability arises from goodwill impairment or the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss).

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Property, Plant and Equipment

Plant and equipment are stated at cost, less accumulated depreciation and impairment.

Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is charged through profit or loss based on the cost or valuation less residual value on a straight-line basis over the estimated useful lives of the assets which are:

- IT Hardware – 3 to 5 years
- Fixtures & Fittings - 2 years

The right of use assets are depreciated over the shorter of the useful life of the asset and the lease term, unless the title to the asset transfers at the end of the lease term, in which case depreciation is over the useful life.

Residual values and useful lives are reviewed and adjusted if appropriate at each reporting date. The carrying amount of an item of property, plant and equipment is derecognised on disposal; or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised.

Plant and machinery are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If carrying values exceed estimated recoverable amount, the assets are written down to their recoverable amount. Recoverable amount is the greater of fair value less cost to sell and value in use. Value in use is assessed based on estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Intangible Assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every year end. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Computer Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 15 years.

1 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

1.3 Summary of other significant accounting policies (cont.)

Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 January 2019.

Company as a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following: – fixed payments, including in-substance fixed payments; – variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; – amounts expected to be payable under a residual value guarantee; and – the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Company generally considers assets with a value less than £3,000 of being low-value assets.

Policy applicable before 1 January 2019

Leases in terms of which the Company assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. In the prior year there were only operating leases.

Investments in subsidiary undertakings

Investments in subsidiaries are recognised at cost and tested for impairment annually.

1 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

1.3 Summary of other significant accounting policies (cont.)

Impairment of assets

At each reporting date, the Company reviews the carrying value of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Financial Instruments

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds only basic financial instruments, which comprise of intercompany debtors and intercompany loans.

Financial assets

Trade, other debtors and loans

Trade and other debtors are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the amount expected to be receivable, net of any impairment.

Where a financial asset constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. For the Company this is relevant for inter-group loans. As allowed under IFRS 9 the methodology for calculating the expected credit loss is the probability of default methodology (PD (probability of default)*LGD (loss given default)*EAD (exposure at default)).

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). All inter-group loans do not have a significant increase in credit risk and are therefore based upon a 12 month ECL period. There are no financial assets with a significant increase in credit risk since initial recognition.

Financial liabilities

Trade, other creditors and loans

Trade, other creditors and loans are initially measured at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method. Amounts that are payable within one year are measured at the undiscounted amount expected to be payable.

Where a financial liability constitutes a financing transaction it is initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Ordinary dividends declared as final dividends are recognised as a liability in the period in which they are approved by shareholders.

Uses of estimate and judgements

In preparing these financial statements management has made judgements, estimates and assumptions that affect application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable. Actual outcomes may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The sources of estimation uncertainty are as follows:

Impairment of fixed asset investments

Determining whether the Company's investments in subsidiaries have been impaired requires estimates of the investment's recoverable amount.

Impairment of loans

The Company has intercompany loans receivable. For IFRS 9 the Company has to calculate an expected credit loss on intergroup receivables and loans receivable. The Company also applied these requirements in the prior year. Refer to note 4.

1 SIGNIFICANT ACCOUNTING POLICIES (Cont.)

1.4 Changes in significant accounting policies

IFRS 16 Leases
The Company has initially applied IFRS 16 Leases from 1 January 2019. Due to the transition methods chosen by the Company in applying this standard, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

IFRS 16 specifies how an entity will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

Previously the operating lease charge would have been included in operating profit. This changes under IFRS 16 with an interest and depreciation charge which will not exactly match the previous operating lease charge on a yearly basis, however over the lifetime of the lease the total P&L charge will usually be the same.

An asset and liability are recognised, at inception these are usually the same amount, however over time the depreciation and interest charge will differ so they result in a net asset or liability position for the lease depending on the timing of the life of the lease.
Refer to note 18.
On initial application of the standard the Company has taken advantage of the following practical expedients per IFRS 16:
- Reliance on the assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review,
- Electing not to apply the requirements to leases for which the lease term ends within 12 months of the date of initial application and rather accounting for these leases in the same way as short-term leases,
- Excluding initial direct costs from the measurement of the right-of-use asset at the date of initial application,
- Using hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

2 REVENUE

	2019	2018
	£	£
Management services income	6,686,296	6,446,998

3 GENERAL & ADMINISTRATIVE EXPENSES

	2019	2018
Included in general and admin expenses are the following;	£	£
Depreciation & amortisation	128,689	28,344
Operating Lease Expenses	-	394,178
Low value and short term lease payments under the IFRS 16 exemption	387,376	-

In 2019 with the adoption of IFRS 16 the lease on the new premises is charged to the P&L through depreciation and interest expense. The operating lease expense in 2019 here relates to the office rental which had a term less than 12 months from 1 January 2019 and was therefore excluded from the IFRS 16 treatment per the allowed exemptions.

4 EXPECTED CREDIT LOSS ON RECEIVABLES

	2019	2018
	£	£
Impairment of loans	95,523	322,636

The Company has intercompany loans receivable. For IFRS 9 the group has to calculate an expected credit loss on intergroup receivables and loans receivable.
As allowed under IFRS 9 the methodology for calculating the expected credit loss is the probability of default methodology (PD (probability of default)*LGD (loss given default)*EAD (exposure at default)).

The Company's assessment is that the most probable outcome is that there will be no credit loss on the intergroup loans receivable. However in accordance with IFRS 9 the Company has considered a range of possible outcomes, and the expected credit loss reflects both the possibility that a loss occurs and the possibility that no loss occurs, even though the most likely outcome is no credit loss. The Company has assessed forward-looking information in the form of Group budgets and 5 year plan and no credit loss is anticipated. There is also adequate buffer in the way of Group cash, unused facilities and not foreseen, but the potential support from the shareholders if needed.
At 31 December 2019 the Company believes the debt is still performing and in stage 1 per IFRS 9. This means the expected credit loss is based on the 12 month expected credit loss model. The total expected credit loss provision recognised in loans and receivables at 31 December 2019 is £418,159 (2018: £322,636).

5 AUDITORS' REMUNERATION

		2019	2018
		£	£
The audit of the Group's annual financial statements	Current Year	197,256	180,660
	Prior Year	48,971	113,077
		246,227	293,737

The Company bears the audit fee for certain other group companies.

6 EMPLOYEES

	2019	2018
Employee benefit expense	£	£
Wages & Salaries	3,571,485	2,482,615
Social security costs	400,151	288,248
	3,971,636	2,770,863
Average number of people employed		
General and administration	21	14

7 DIRECTORS' EMOLUMENTS

The Directors' aggregate remuneration in respect of qualifying services was:	2019	2018
	£	£
Emoluments	846,009	936,112

Highest paid director

The highest paid director's emoluments were as follows:	2019	2018
	£	£
Total amount of emoluments and amounts (excluding shares) receivable under long-term incentive schemes	266,669	612,792

Included in the compensation of key management personnel is an amount of £66,362 to compensate for the loss of office.

8 FINANCE INCOME

	2019	2018
	£	£
Interest income on intercompany loans	8,011,300	8,080,439
Net foreign exchange gain	19,944,700	-
	27,956,000	8,080,439

9 FINANCE COSTS

	2019	2018
	£	£
Interest expense on intercompany loans	32,876,426	30,311,659
Interest expense on loans and borrowings	11,091,450	11,239,572
Interest on lease (note 18)	5,445	-
Net foreign exchange loss	-	3,445,221
Bank charges	29,729	15,485
	44,003,050	45,011,937

10 TAXATION ON ORDINARY ACTIVITIES

	2019	2018
	£	£
Corporate tax		
Current year tax credit	-	(1,064,223)
Adjustments in respect of prior years	1,174,223	(110,000)
Total current tax debit/(credit)	1,174,223	(1,174,223)

Current tax reconciliation
The tax credit for the year differs from the standard rate of corporation tax in the UK of 19% (2018: 19%) the difference is explained below.

	2019	2018
Loss before tax	(22,473,213)	(41,350,125)
Tax on loss at standard UK tax rate	(4,269,910)	(7,856,524)
Effects of:		
Expenses not deductible for tax purposes	(1,017,257)	1,558,000
Deferred tax not recognised	5,287,167	5,234,301
Prior Year Adjustments	1,174,223	(110,000)
Total tax debit/(credit) reported in the statement of profit or loss	1,174,223	(1,174,223)

The total deferred tax assets (i.e. the net amount after tax) not recognised as at 31 December 2019 are approximately £12,607,607 (2018: £7,320,440). In accordance with accounting policy note 1 'Taxation' these items have not been recognised as deferred tax assets on the basis that their future economic benefit is not probable. The adjustment in relation to prior years in the year ended 31 December 2019 relates to the group relief of losses generated by another UK company within the Praesidiad group.

Factors that may affect future tax charges
Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) were enacted by Finance Act 2015. In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% for the financial year beginning 1 April 2020 as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

11 PROPERTY, PLANT AND EQUIPMENT

	Right of use assets	IT Hardware	Fixtures & Fittings	Total
	£	£	£	£
Cost				
At 1 January 2019	-	40,432	30,486	70,918
Recognition of right-of-use asset on initial application of IFRS 16	510,974	-	-	510,974
Additions	-	20,410	2,772	23,182
At 31 December 2019	**510,974**	**60,842**	**33,258**	**605,074**
Accumulated Depreciation and Impairment				
At 1 January 2019	-	(10,559)	(17,785)	(28,344)
Depreciation charge for the year	(39,306)	(15,552)	(13,165)	(68,023)
At 31 December 2019	**(39,306)**	**(26,111)**	**(30,950)**	**(96,367)**
Net book value				
At 31 December 2018	-	29,873	12,701	42,574
At 31 December 2019	471,668	34,731	2,308	508,707

The right of use assets were recognised on 1 January 2019 on the first time adoption of IFRS 16, please refer to note 18 for further details. Refer to note 21 for information on security and restrictions on property, plant & equipment.

12 INTANGIBLE ASSETS

	Assets under construction	Software	Total
	£	£	£
Cost			
At 1 January 2019	1,780,800	-	1,780,800
Additions	5,444,005	-	5,444,005
Transfers	(813,082)	813,082	-
At 31 December 2019	**6,411,723**	**813,082**	**7,224,805**
Accumulated Amortisation and Impairment			
At 1 January 2019	-	-	-
Amortisation charge for the year	-	(60,666)	(60,666)
At 31 December 2019		**(60,666)**	**(60,666)**
Net book value			
At 31 December 2018	1,780,800	-	1,780,800
At 31 December 2019	6,411,723	752,416	7,164,139

Assets under construction primarily relate to the development and implementation of a new ERP system and other software.

13 INVESTMENT IN SUBSIDIARIES

	2019	2018
	£	£
At beginning of year	361,648,649	361,644,294
Additions	35	22,268
Other movements	(33)	(17,913)
At 31 December	361,648,651	361,648,649

Refer to note 23 for a list of subsidiaries.

14 LOAN RECEIVABLE

	2019	2018
	£	£
Amounts owed by group companies	80,747,218	202,787,750

Amounts owed by group companies are unsecured and repayable in more than twelve months. The loans of £78,099,210 and £3,066,167 are subject to interest at 4.125% (2018: 4.125%) and CBTR (Central Bank of the Republic of Turkey) plus 0.125% respectively.

Impairment of loans
Per note 4 amounts owed by group companies includes an expected credit loss provision for £418,159 (2018: £322,636).

15 TRADE AND OTHER RECEIVABLES

	2019	2018
	£	£
Amounts owed by group companies	3,013,185	5,601,854
Other Receivables	992,175	584,406
	4,005,360	6,186,260

Amounts owed by group companies are payable within twelve months and are interest free.

16 CASH AND CASH EQUIVALENTS

	2019	2018
	£	£
Cash in bank	-	-

Cash is deposited with ING Bank NV (Moody's LT Rating AA3), the Company is part of the Group cash sweep process. Excess funds transfer to Praesidiad Holdings BVBA on a daily basis. The balance due from Praesidiad Holdings BVBA at year end is £1,011,929 (2018: £1,974,345) and is reported as part of Trade and Other Receivables as amounts owed by group companies.

17 LOANS AND BORROWINGS

	2019	2018
Non-current interest-bearing loans and borrowings	£	£
Interest bearing borrowings - external	214,967,670	224,802,557
Interest bearing borrowings - shareholder loan	263,570,415	241,924,736
Interest bearing borrowings - intragroup loan	-	116,629,170
	478,538,085	583,356,463

The external loan bears interest at EURIBOR + 4% and it matures in 2024.
Shareholder and intragroup loans are unsecured, repayable in more than twelve months and subject to interest at 12%

The Company is one of the material subsidiaries which the external loan is secured over. The loan is secured over the following; transaction security is granted over shares in, bank accounts (excluding cash pooling accounts) and inter-company receivables. Where security is governed by English law then floating charges and intellectual property is also included.

	2019	2018
Current loans and borrowings		
Interest bearing borrowings	636,805	669,513
	636,805	669,513

Current Intragroup loans reflect short term borrowing, are unsecured, payable within twelve months and are not subject to interest.
Non-current loans and borrowings include capitalised and unpaid interest on the amortised cost basis.

Refer to note 21 for information on security and restrictions on the external loans and borrowings.

18 LEASE LIABILITIES

The Company leases an office space in London. A new lease was entered into during 2019 (after 1 January 2019 and therefore there were no leases recognised per IFRS 16 at inception on 1 January 2019) and the lease term is for a period just over two years.
The lease contains extension options exercisable by the Company before the end of the non-cancellable contract period. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases, see note 3 for details. In the previous year, the Company only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. In the prior year there were no leases classified as finance leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.
The Company is only a lessee and is not a lessor for any leases.

	2019	2018
	£	£
Current	233,803	-
Non-current	249,864	-
	483,667	-

The future minimum rentals payable under non-cancellable leases as at 31 December 2019 are as follows (undiscounted):

	2019	2018
	£	£
Less than one year	257,444	-
One to two years	257,444	-
	514,888	-
Amounts recognised in the statement of profit or loss		
Interest expense (included in finance costs)	5,445	-
Depreciation charge of right-of-use assets (land and buildings)	39,306	-
Expense relating to short-term leases (included in General & administrative expenses)	369,764	-
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in General & administrative expenses)	17,612	-

19 TRADE AND OTHER PAYABLES

	2019	2018
	£	£
Intragroup payables	20,096,992	13,093,291
Trade payables	1,962,996	1,568,316
Other Payables	1,821,378	751,085
	23,881,366	15,412,692

Included in the Intragroup payables is an amount of £3,150,779 (2018: £3,183,149) which incurs interest at 2.114%. All other amounts owed to group companies are payable within twelve months and are interest free.

20 SHARE CAPITAL

	2019	2018
	£	£
Issued - A Ordinary Shares		
Issue of 28,110,887 (2018: 28,110,887) A ordinary share of par value €0.01 per share	247,882	247,882
Share Premium		
Issue of 28,110,887 (2018: 28,110,887) A ordinary shares at a €0.99 premium per share	24,540,299	24,540,299

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

21 FINANCIAL COMMITMENTS

The Company is considered a material subsidiary for external debt which was raised in other group companies. Security is granted over shares, bank accounts (excluding cash pooling accounts), inter-Company receivables, floating charges and intellectual property. There is no premium paid for the guarantee and it is not expected that the guarantee has affected the interest rate of the external borrowing in the Group. Further there have been no defaults or covenant breaches to date, nor are any expected in the future. Consequently, management do not believe there is any fair value attributable to the guarantee in this Company and accordingly no amounts have been recognised in these financial statements.

The guarantees registered on Companies house are as follows:

On 14 July 2017, a fixed and floating charge over the assets of the Company issued in favour of Cooperatieve Rabobank U.A. acting as security agent.

On 5 October 2017, a fixed charge over the assets of the Company was issued in favour of Cooperatieve Rabobank U.A. acting as security

22 EVENTS AFTER THE REPORTING PERIOD

As noted above, the outbreak of the coronavirus COVID-19 will have an impact on the Company, mostly through the subsidiary companies customers as well as on subsidiary supply chains and production. Considering that the spread of the virus accelerated during the first quarter 2020, this event was classified as a non-adjusting event for accounting purposes. Given the uncertainties on scope and length as well as the ongoing developments, the Company cannot give any accurate or reliable estimates on the ultimate potential quantitative impacts currently. This will likely result in an overall challenged and volatile market environment for subsidiaries. There are no other material events after the reporting period to disclose.

23 RELATED UNDERTAKINGS

Name	Address of the registered office	Nature of business	Proportion of ordinary shares held (%)
Betafence Belgium BVBA	Blokkestraat (Z) 34 box B, 8550 Zwevegem	Perimeter security manufacturing	100%
Guardiar Europe BVBA	Blokkestraat (Z) 34 box B, 8550 Zwevegem	Perimeter security manufacturing	100%
Praesidiad Holding BVBA	Blokkestraat (Z) 34 box B, 8550 Zwevegem	Holding Company	100%
Betafence S.R.O.	Zvonarka 16 box 2, Brno	Perimeter security sales & distribution	100%
Betafence Hrvatska D.O.O.	Samoborska Cesta 106, Zagreb	Perimeter security sales & distribution	100%
Betafence Finland OY	Aviabulevardi, Karhumäentie 3, Vantaa	Perimeter security sales & distribution	100%
Betafence France SAS	Rue de la Renaissance 5, box A, Antony	Perimeter security sales & distribution	100%
Betafence Holding France SAS	Rue du Guindal 15, Bourbourg	Holding Company	100%
Betafence Deutschland Gmbh	Dulkener Strasse 200, Schwalmtal	Perimeter security sales & distribution	100%
Betafence Gmbh	Dulkener Strasse 200, Schwalmtal	Perimeter security manufacturing	100%
Draht Bremer und Partner GmbH	Tempelweg 62, Zoblitz	Perimeter security manufacturing	19%
Betafence Holding Italia Srl	Contrada Salinello 59, Tortoreto	Holding Company	100%
Betafence Italia SPA	Contrada Salinello 59, Tortoreto	Perimeter security manufacturing	100%
Betafence sp Zoo	Ul. Debowa 4, Kotlarnia	Perimeter security manufacturing	100%
Betafence Espana SLU	C/Vitoria 23 2, box D, Burgos	Perimeter security sales & distribution	100%
Pindburg SL	Avda. Burgos 68, Briviesca	Perimeter security manufacturing	33%
Betafence Ltd	First Floor, Unit B, Forge House, 21 Carbrook Hall Road, Sheffield	Perimeter security manufacturing	100%
Hesco UK Holdings Ltd [1]	C/O Praesidiad Limited, York House, 211 Pentonville Road, London	Holding Company	100%
Hesco Group Limited [1]	41 Knowsthorpe Way, Cross Green Industrial Estate, Leeds	Holding Company	100%
Hesco Bastion Ltd	41 Knowsthorpe Way, Cross Green Industrial Estate, Leeds	Perimeter security manufacturing	100%
Betafence Wire & Mesh Products Co Ltd	Tede Western Zone, Standard Building 10, Tianjin	Dormant	100%
Betafence International Trading Company Ltd	Habiner Road Room 1A 414 Free Trade Zone 78, Tianjin	Dormant	100%
Guardiar Morocco sarl/au	Rue Moussa Bnou Noussair 10, Cassablanca	Perimeter security sales & distribution	100%
Guardiar Namibia (Pty) Ltd	Independence Avenue 344, Windhoek	Perimeter security sales & distribution	100%
Betafence Peru S.A.C.	Avenue Victor Andres Belaunde 71, San Isidro	Dormant	100%
Betafence o.o.o.	Dmitrovskoye Shosse 100 box 2, Moscow	Perimeter security sales & distribution	100%
Guardiar Arabia LLC	Al Fayha's Industrial Zone, WH E3, Al Kohba	Perimeter security sales & distribution	100%
Guardiar Manufacturing (Pty) Ltd [1]	Berg River Park, Dal Joasaf, Paarl	Perimeter security manufacturing	100%
Guardiar South Africa (Pty) Ltd	Berg River Park, Dal Joasaf, Paarl	Perimeter security manufacturing	100% [2]
Guardiar Holdings South Africa (Pty) Ltd [1]	Berg River Park, Dal Joasaf, Paarl	Holding Company	100%
Betafence PVC Products South Africa (Pty) Ltd [1]	Berg River Park, Dal Joasaf, Paarl	Perimeter security manufacturing	100% [2]
Guardiar Solutions (Pty) Ltd [1]	Berg River Park, Dal Joasaf, Paarl	Perimeter security manufacturing	100%
Betafence Schweiz GmbH	Hardstrasse 59, Neuenhof	Perimeter security sales & distribution	100%
Betafence Yapi Sanayi Ve Ticaret A.S.	Sancaktepe Mah Bülük Sanayi Cad 1/3, Istanbul	Perimeter security manufacturing	100%
Praesidad Germany Gmbh	Hennes-Weisweiler Allee 8, 41179 Mönchengladbach	Holding Company	100%

[1] Due to internal restructurings and group simplification, these entities are in deregistration at year end.
[2] During the year the 26% non-controlling interest ownership was acquired from the minority owners and the group now has 100% ownership.

Praesidiad Limited directly holds 100% of the equity of Praesidiad Holding BVBA and Praesidiad Germany Gmbh.
All other investments are held indirectly.

During the year there were Group reorganisations in subsidiaries this resulted in an impairment trigger, an impairment assessment was performed and no impairment was necessary.