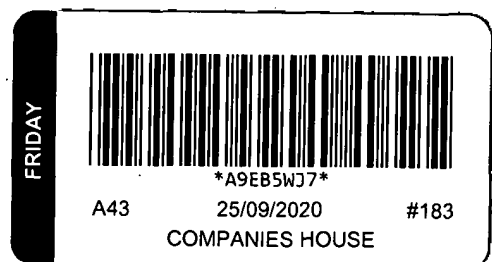


Company Registration No. 03618979 (England and Wales)

LONE STAR EUROPE ACQUISITIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



LONE STAR EUROPE ACQUISITIONS LIMITED

COMPANY INFORMATION

Directors	D Quintin J Gunn
Secretary	J Gunn
Company number	03618979
Registered office	12 Queen Anne Street London W1G 9LF
Auditor	Arram Berlyn Gardner LLP 30 City Road London EC1Y 2AB

LONE STAR EUROPE ACQUISITIONS LIMITED

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LONE STAR EUROPE ACQUISITIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

The group made a profit after tax of £4,732,496 (2018: £9,660,563) during the year ended 31st December 2019 and at that date had net assets of £35,736,019 (2018: £31,183,253) and liabilities of £4,366,927 (2018: £20,694,511).

The reason for the drop in profit is that the group did not close as many deals as in 2018 when compared. This is due in the main to timing differences on deal transactions. The results for the year end and the financial position of the group are considered satisfactory by the directors.

Principal risks and uncertainties

The groups principal financial instruments comprise bank balances, trade creditors and trade debtors. The main purpose of these funds instruments is to raise funds for the group's operations.

Due to the nature of the instruments used by the group there is no exposure to price risk. However success fees are dependent on the value of the Lone Star Funds.

The group's approach to managing the other risks applicable to the other financial instruments concerned is shown below:

Liquidity risk is monitored on an ongoing basis and positive cash reserves were held at the year end.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet the funds due.

Note on COVID-19 Pandemic

Due to COVID-19 pandemic the first quarter of 2020 has seen an impact to both private equity markets, asset pricing and the day to day operational working of the business. With regards to private equity markets, there has been a noticeable sharp increase in volatility, the group is actively monitoring and continues to manage assets within the investment and risk parameters that have been established at the Fund level.

With regards to day to day operations, the group and many of its key service providers have evoked business continuity procedures, including a high proportion of remote working, to ensure the safety of staff and to enable the business to operate with minimal impact. The financial impact of the outbreak to date at the date of signing these accounts, cannot be estimated reliably, however given the nature of this business, management have a positive outlook for future transactions.

LONE STAR EUROPE ACQUISITIONS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Directors note on Brexit:

The group has had a working party of internal and external advisors maintain a corporate oversight on the impact of Brexit negotiations on the business. At the date of signing of these accounts the political decision was to leave the EU on 31st December 2020.

Brexit business risks that the Market has identified include the following factors to be potential risks that may affect the business:

- Macro-economic uncertainty or downturn in the UK economy
- Global political uncertainty
- Exchange rate volatility and the devaluation of sterling
- The availability of markets and market access rights
- Impact on strategy and operations
- Increases in import and labour costs
- The retention of skilled labour and recruitment concerns

The business currently maintains a UK (FCA) regulatory licence to provide regulated financial services into EU27 (FCA: Advising & Arranging) through MiFID (European Directive) pass porting mechanism.

Brexit Provisions

If the UK does not accept a trading deal with the EU before the revised 31st December 2020 ("Hard Brexit"), business will need to establish an interim alternative to provide regulated services in the EU from 31st December 2020. This preparation has been made and can be implemented as necessary.

While not yet certain, the Hard Brexit date of 31st December 2020 will depend on negotiations later in the year between the UK Government and EU.

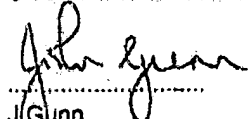
In practice, a Hard Brexit (regardless of timing) impacts on a limited number of business activities that are categorized as regulated services within Europe.

Regulated Services

In summary, the affected regulated services for business relate to the activities of marketing and fundraising.

Advisory and origination services undertaken by Lone Star's European personnel are provided to other group entities and are therefore not provided to an EU-27 entity. Measures have been prepared, to ensure that maintains a position that Lone Star's European entities do not contract with third parties for any investment purposes.

On behalf of the board



J. Gunn

Director

27th April 2020

LONE STAR EUROPE ACQUISITIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the group continued to be that of seeking investment opportunities and providing advisory services to its parent company.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D Quintin
J Gunn

Results and dividends

The results for the year are set out on page 8.

The directors do not recommend payment of a dividend (2018: £Nil).

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

LONE STAR EUROPE ACQUISITIONS LIMITED

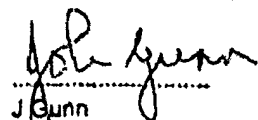
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



J Gunn

Director

Date: 23 April 2020

LONE STAR EUROPE ACQUISITIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LONE STAR EUROPE ACQUISITIONS LIMITED

Opinion

We have audited the financial statements of Lone Star Europe Acquisitions Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 group's or the parent 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.

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.

LONE STAR EUROPE ACQUISITIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LONE STAR EUROPE ACQUISITIONS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

LONE STAR EUROPE ACQUISITIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LONE STAR EUROPE ACQUISITIONS LIMITED

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.



Ian Hughes ACA (Senior Statutory Auditor)
for and on behalf of Arram Berlyn Gardner LLP

24 APRIL 2020

Chartered Accountants
Statutory Auditor

30 City Road
London
EC1Y 2AB

LONE STAR EUROPE ACQUISITIONS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
Turnover	3	23,723,279	32,137,714
Cost of sales		(1,285,817)	(1,407,844)
Gross profit		22,437,462	30,729,870
Administrative expenses		(16,562,306)	(18,814,568)
Operating profit	4	5,875,156	11,915,302
Interest receivable and similar income		5,587	-
Profit before taxation		5,880,743	11,915,302
Tax on profit	8	(1,148,247)	(2,254,739)
Profit for the financial year	16	4,732,496	9,660,563
Other comprehensive income			
Currency translation differences		(179,730)	31,937
Total comprehensive income for the year		4,552,766	9,692,500

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

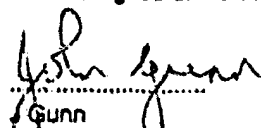
LONE STAR EUROPE ACQUISITIONS LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	9		369,200		489,731
Current assets					
Debtors	12	35,879,662		47,933,765	
Cash at bank and in hand		3,854,084		3,454,268	
		<u>39,733,746</u>		<u>51,388,033</u>	
Creditors: amounts falling due within one year	13	<u>(4,366,927)</u>		<u>(20,694,511)</u>	
Net current assets			<u>35,366,819</u>		<u>30,693,522</u>
Total assets less current liabilities			<u>35,736,019</u>		<u>31,183,253</u>
Capital and reserves					
Called up share capital	15		35,002		35,002
Other reserves	16		(43,603)		(48,603)
Profit and loss reserves	16		35,749,620		31,196,854
Total equity			<u>35,735,019</u>		<u>31,183,253</u>

The financial statements were approved by the board of directors and authorised for issue on 23 April 2020 and are signed on its behalf by:


John Gunn
Director

LONE STAR EUROPE ACQUISITIONS LIMITED

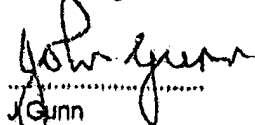
COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	9		367,283		489,629
Investments	10		123,777		130,139
			<u>491,060</u>		<u>619,768</u>
Current assets					
Debtors	12	32,382,170		47,316,310	
Cash at bank and in hand		2,960,539		2,218,275	
		<u>35,342,709</u>		<u>49,534,585</u>	
Creditors: amounts falling due within one year	13	(3,595,373)		(22,651,348)	
Net current assets			<u>31,747,336</u>		<u>26,883,237</u>
Total assets less current liabilities			<u>32,238,396</u>		<u>27,503,005</u>
Capital and reserves					
Called up share capital	15		35,002		35,002
Profit and loss reserves	16		32,203,394		27,468,003
Total equity			<u>32,238,396</u>		<u>27,503,005</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £4,735,391 (2018 - £9,662,430 profit).

The financial statements were approved by the board of directors and authorised for issue on 23 April 2020 and are signed on its behalf by:


J. Gunn
Director

Company Registration No. 03618979

LONE STAR EUROPE ACQUISITIONS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Other reserves	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2018	35,002	(57,548)	21,504,354	21,481,808
Year ended 31 December 2018:				
Profit for the year	-	-	9,660,563	9,660,563
Other comprehensive income:				
Currency translation differences on overseas subsidiaries	-	-	31,937	31,937
Total comprehensive income for the year	-	-	9,692,500	9,692,500
Transfers	-	8,945	-	8,945
Balance at 31 December 2018	35,002	(48,603)	31,196,854	31,183,253
Year ended 31 December 2019:				
Profit for the year	-	-	4,732,496	4,732,496
Other comprehensive income:				
Currency translation differences on overseas subsidiaries	-	-	(179,730)	(179,730)
Total comprehensive income for the year	-	-	4,552,766	4,552,766
Balance at 31 December 2019	35,002	(48,603)	35,749,620	35,736,019

LONE STAR EUROPE ACQUISITIONS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2018	35,002	17,805,573	17,840,575
Year ended 31 December 2018:			
Profit and total comprehensive income for the year	-	9,662,430	9,662,430
Balance at 31 December 2018	35,002	27,468,003	27,503,005
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	4,735,391	4,735,391
Balance at 31 December 2019	35,002	32,203,394	32,238,396

LONE STAR EUROPE ACQUISITIONS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	20	2,253,941		2,406,324	
Income taxes paid		(1,672,198)		(4,041,314)	
Net cash inflow/(outflow) from operating activities		581,743		(1,634,990)	
Investing activities					
Purchase of tangible fixed assets		(2,197)		(227,036)	
Net cash used in investing activities		(2,197)		(227,036)	
Net increase/(decrease) in cash and cash equivalents		579,546		(1,862,026)	
Cash and cash equivalents at beginning of year		3,454,268		5,275,425	
Effect of foreign exchange rates		(179,730)		40,869	
Cash and cash equivalents at end of year		3,854,084		3,454,268	

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Lone Star Europe Acquisitions Limited is a limited company domiciled and incorporated in England and Wales. The registered office and principal place of business is 12 Queen Anne Street, London, W1G 9LF.

The Group consists of Lone Star Europe Acquisitions Limited and its subsidiaries Lone Star Germany Acquisitions GmbH, Lone Star France Acquisitions SARL, Lone Star Spain Acquisitions S.L.U., Lone Star Netherlands Acquisitions B.V., L Star Portugal Acquisitions S.A..

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Lone Star Europe Acquisitions Limited and its subsidiaries. Merger accounting has been adopted and their results incorporated from the beginning of the financial year in which the combination occurred. All financial statements are made up to 31 December 2019.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.4 Turnover

Turnover represents the amounts receivable for management fees and success fees net of VAT and is recognised to the extent that it is probable that the economic benefits will flow to the group and it can be reliably measured.

Interest income is recognised as interest accrues using the effective interest method, and is shown including related fees, finance charges paid or received and associated transaction costs.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	10 years straight line
Fixtures, fittings & equipment	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

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

1.6 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.8 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and comprise cash in hand.

1.9 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities, including creditors and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.10 Equity Instruments

Equity Instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.11 Taxation

The tax expense represents the sum of the tax currently payable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

Exchange differences arising on translation of subsidiary companies on consolidation, are recognised in other comprehensive income and accumulated in equity.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment of debtors

The group makes an estimate of the recoverable value of debtors. When assessing impairment of debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

3 Turnover and other revenue

The total turnover of the group for the year has been derived from its principal activity wholly undertaken outside the United Kingdom.

An analysis of the group's turnover is as follows:

	2019	2018
	£	£
Turnover analysed by class of business		
Fee income	23,723,279	32,137,714

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	1,224,895	(1,766,534)
Depreciation of owned tangible fixed assets	122,728	182,739
Operating lease charges	656,056	611,617

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to a loss of £1,224,895 (2018: £1,766,534 gain).

5 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	27,500	27,500
For other services		
All other non-audit services	14,000	14,850

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
General staff	20	21	18	18

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	10,776,015	14,083,019	9,681,896	12,412,527
Social security costs	1,366,618	1,662,767	1,366,602	1,662,767
Pension costs	68,079	71,982	68,079	71,982
	12,210,712	15,817,768	11,116,577	14,147,276

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	2,214,604	4,951,008
Compensation for loss of office	-	430,000
	<u>2,214,604</u>	<u>5,381,008</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	<u>1,914,604</u>	<u>4,480,355</u>

8 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	1,146,334	2,279,202
Adjustments in respect of prior periods	1,913	(24,463)
Total current tax	<u>1,148,247</u>	<u>2,254,739</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	<u>5,880,743</u>	<u>11,915,302</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	1,117,341	2,263,907
Tax effect of expenses that are not deductible in determining taxable profit	28,804	(11,039)
Effect of overseas tax rates	2,102	1,871
Taxation charge	<u>1,148,247</u>	<u>2,254,739</u>

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Tangible fixed assets

Group	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2019	510,842	837,567	1,348,409
Additions	-	2,197	2,197
At 31 December 2019	510,842	839,764	1,350,606
Depreciation and impairment			
At 1 January 2019	198,433	660,245	858,678
Depreciation charged in the year	51,084	71,644	122,728
At 31 December 2019	249,517	731,889	981,406
Carrying amount			
At 31 December 2019	261,325	107,875	369,200
At 31 December 2018	312,409	177,322	489,731
Company	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2019 and 31 December 2019	391,528	410,666	802,194
Depreciation and impairment			
At 1 January 2019	79,119	233,446	312,565
Depreciation charged in the year	51,084	71,262	122,346
At 31 December 2019	130,203	304,708	434,911
Carrying amount			
At 31 December 2019	261,325	105,958	367,283
At 31 December 2018	312,409	177,220	489,629

10 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	11	-	-	123,777	130,139

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

10 Fixed asset investments (Continued)

Movements in fixed asset investments Company	Shares in group undertakings £
Cost or valuation	
At 1 January 2019	130,139
FX movement	(6,362)
At 31 December 2019	123,777
Carrying amount	
At 31 December 2019	123,777
At 31 December 2018	130,139

11 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Address	Class of shares held	% Held Direct	
Lone Star France Acquisitions SARL	1	Ordinary	100.00	-
Lone Star Germany Acquisitions GmbH	2	Ordinary	100.00	-
Lone Star Spain Acquisitions S.L.U.	3	Ordinary	100.00	-
Lone Star Netherlands Acquisitions B.V.	4	Ordinary	100.00	-
L Star Portugal Acquisitions SA	5	Ordinary	100.00	-

Registered Office addresses:

- 1 5 Rue de Castiglione - 20 rue du Mont-Thabor - 75001 Paris, France.
- 2 Hamburger Allee 14, 60486 Frankfurt am Main, Germany.
- 3 la Avenida de Aragon, 330, PE Las Mercedes, Edificio 5, Planta 3, Madrid, Spain.
- 4 Strawinskylaan 615, 1077 XX Amsterdam, Netherlands.
- 5 Av. João II no. 46, 4A, 1990-095, Lisboa, Portugal.

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

12 Debtors

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	21,048	2,896	21,048	2,896
Corporation tax recoverable	57,081	-	8,341	-
Amounts owed by group undertakings	34,674,486	46,997,844	31,511,226	46,623,832
Other debtors	858,381	704,876	575,252	463,868
Prepayments and accrued income	268,666	228,149	266,303	225,714
	<u>35,879,662</u>	<u>47,933,765</u>	<u>32,382,170</u>	<u>47,316,310</u>

Included within amounts owed by group undertakings are trade receivable balances that are unsecured, interest free and repayable on demand.

13 Creditors: amounts falling due within one year

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Trade creditors	59,018	131,091	59,018	131,091
Amounts owed to group undertakings	114,256	14,349,261	-	17,592,182
Corporation tax payable	300	524,163	-	685,330
Other taxation and social security	3,328,741	4,098,928	3,301,016	3,863,723
Other creditors	79,802	185,281	63,453	174,238
Accruals and deferred income	784,810	1,405,787	171,886	204,784
	<u>4,366,927</u>	<u>20,694,511</u>	<u>3,595,373</u>	<u>22,651,348</u>

14 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>68,079</u>	<u>71,982</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

15 Share capital

	Group and company 2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
35,002 Ordinary shares of £1 each	<u>35,002</u>	<u>35,002</u>

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

16 Reserves

Profit and loss reserves

Profit and loss reserves represent accumulated comprehensive income for the year and prior periods less dividends paid.

17 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	529,890	605,461	363,603	370,103
Between two and five years	1,304,016	2,230,070	1,121,109	1,484,712
In over five years	-	160,511	-	-
	<u>1,833,906</u>	<u>2,996,042</u>	<u>1,484,712</u>	<u>1,854,815</u>

18 Related party transactions

Remuneration of key management personnel

All directors of the company and management of the subsidiaries who have authority and responsibility for planning, directing and controlling the activities of the group are considered to be key management personnel. Total remuneration in respect of these individuals is as follows:

	2019 £	2018 £
Aggregate compensation	<u>2,571,913</u>	<u>6,619,961</u>

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

18 Related party transactions

(Continued)

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sales		Purchases	
	2019	2018	2019	2018
	£	£	£	£
Group				
Entities with control, joint control or significant influence over the group	23,723,278	32,137,714	809,539	852,402
Entities with common control	-	-	-	93,698
Other related parties	-	-	404,698	-
	<u>23,723,278</u>	<u>32,137,714</u>	<u>1,214,237</u>	<u>946,100</u>
Company				
Entities with control, joint control or significant influence over the company	21,549,367	28,344,851	664,095	581,441
Other related parties	-	-	202,271	93,698
	<u>21,549,367</u>	<u>28,344,851</u>	<u>866,366</u>	<u>675,139</u>

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2019	2018
	£	£
Group		
Entities with control, joint control or significant influence over the group	-	14,349,261
Key management personnel	357,309	-
Other related parties	69,958	192,433
	<u>427,267</u>	<u>14,541,694</u>
Company		
Entities over which the company has control, joint control or significant influence	-	17,592,191
Other related parties	53,609	167,759
	<u>53,609</u>	<u>17,759,950</u>

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

18 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2019 Balance £	2018 Balance £
Group		
Entities with control, joint control or significant influence over the group	34,560,231	46,997,844
Key management personnel	269,164	107,868
Other related parties	24,742	567
	<u>34,854,137</u>	<u>47,106,279</u>
Company		
Entities with control, joint control or significant influence over the company	31,511,226	46,623,265
Key management personnel	269,164	107,868
Other related parties	21,048	567
	<u>31,801,438</u>	<u>46,731,700</u>

19 Controlling party

The intermediate parent company is Lone Star Global Acquisitions Limited, a company registered in Bermuda.

The ultimate parent company is LSGA Holdings Limited, a company registered in Bermuda. LSGA Holdings Limited is the largest group for which consolidated accounts, including Lone Star Europe Acquisitions Limited and its subsidiaries, are prepared.

20 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	4,732,496	9,660,563
Adjustments for:		
Taxation charged	1,148,247	2,254,739
Depreciation and impairment of tangible fixed assets	122,728	182,739
Movements in working capital:		
Decrease/(increase) in debtors	12,054,191	(9,907,659)
(Decrease)/increase in creditors	(15,803,721)	215,942
Cash generated from operations	<u>2,253,941</u>	<u>2,406,324</u>

LONE STAR EUROPE ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

21 Analysis of changes in net debt - group

	2019
	£
Opening net funds	
Cash and cash equivalents	3,454,268
Changes in net debt arising from:	
Cash flow movement of the group	579,546
Changes in exchange rates	(179,730)
	<hr/>
Closing net funds as analysed below	3,854,084
	<hr/>
Closing net funds	
Cash and cash equivalents	3,854,084
	<hr/>