

**FINCO CS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 January 2017**

**Registered Number: 4134744**

THURSDAY



\*A686CCNN\*

A16

08/06/2017

#179

COMPANIES HOUSE

## **FINCO CS LIMITED**

---

### **CONTENTS**

	<b>Page</b>
Statutory information	3
Director's report	4-5
Director's responsibilities statement	6
Income statement	7
Statement of comprehensive income	8
Statement of changes in equity	8
Balance sheet	9
Cash flow statement	10
Notes to the financial statements	11 - 22
Appendix I – Finco CS Limited group consolidated financial statements	23 - 44



## **FINCO CS LIMITED**

---

### **STATUTORY INFORMATION**

**Director**

Helen McCusker

**Secretary**

Salim Alam

**Registered Office**

Tankerton Works

12 Argyle Walk

London

WC1H 8HA

**Bankers**

Royal Bank of Scotland plc

**Solicitor**

Akin Gump LLP

## **FINCO CS LIMITED**

---

### **DIRECTOR'S REPORT**

The director presents her report and the unaudited financial statements of the Company for the year ended 31 January 2017. This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies. The Company is exempt from preparing a separate strategic report and the Company is also exempt from audit under section 477 of the Companies Act 2006 relating to small companies. Note that the prior year financial statements for the year ended 31 January 2016 are also unaudited.

#### **Business review and principal activities**

The Company provides central support functions to the Finco Group (formerly Damovo Group) and generates turnover by charging other group companies for the provision of these services. In prior years, the Company provided support services to current and former members of the Damovo Group up to the point of sale and thereafter the Company provided transitional services to those trading businesses for an agreed period of time, until the end of July 2015.

Note that an element of expenses are not recharged hence a pre-exceptionals operating loss is incurred. The Company will continue to provide these services in the coming year.

#### **Results and dividend**

The Company's loss for the year is £6,229,000 (2016: £1,782,000 loss) which is mainly driven by intercompany interest expense and currency exchange losses. The director does not recommend payment of a dividend (2016: £Nil).

#### **Review of business and future developments**

The Company has established in prior years a number of inter-company loans resulting in it being in a net payables position to other group companies at the year end. Subsequent to the Balance Sheet date it was agreed that the amounts owed by and to group undertakings would be settled or released (see note 22, Post balance sheet events). Note that this post balance sheet event has not been reflected in the accounts for the year ended 31 January 2017.

At 31 January 2017, the Company had current assets of £2,992,000 (2016: £3,703,000) and current liabilities of £12,385,000 (2016: £8,701,000). At the same date, the Company had amounts owing to other group companies of £55,509,000 (2016: £49,125,000) and amounts due from group companies of £9,231,000 (2016: £9,135,000).

#### **Going Concern**

Following the sale of the Group's trading subsidiaries in the year ended 31 January 2015, the main purpose of the remaining Group is the collection and distribution of remaining amounts due to it and winding up the remaining Group companies. It is anticipated that this process could take approximately nine months to complete from the balance sheet date.

It is therefore the director's intention to cease trading at some point in the future therefore the director has concluded that the adoption of the going concern basis is not appropriate and these accounts have been prepared on a basis other than going concern.

#### **Key performance indicators ("KPIs")**

Given the straightforward nature of the Company's business, the Company director is of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the Company's business.

#### **Directors**

The director who held office during the year and the director in place at the date of this report is set out on page 3.

## **FINCO CS LIMITED**

---

### **DIRECTOR'S REPORT (continued)**

#### **Audit exemption**

For the year ending 31 January 2017, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The director acknowledges her responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

#### **By order of the board**



**Helen McCusker**  
Director  
25 April 2017

### **DIRECTOR'S RESPONSIBILITIES STATEMENT**

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the director must not approve the financial statements unless she is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern unless it is inappropriate to presume that the Company will continue in business.

The director is 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. She is 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.

## FINCO CS LIMITED

### INCOME STATEMENT

		Unaudited Year ended 31 January 2017 £'000	Unaudited Year ended 31 January 2016 £'000
	Notes		
<b>Continuing operations</b>			
Revenue	2	104	295
Administrative expenses		(267)	(592)
Non-recurring administrative income	3	-	144
Total administrative expenses		(267)	(448)
Operating loss	4	(163)	(153)
Finance costs	6	(6,066)	(1,629)
Loss before taxation		(6,229)	(1,782)
Taxation	9	-	-
Loss for the year	16	(6,229)	(1,782)

All the activities of the Company are classed as continuing.

The accompanying notes on pages 11 to 22 form part of these financial statements.

## FINCO CS LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Year ended 31 January 2017 £'000	Unaudited Year ended 31 January 2016 £'000
Loss for the year and total comprehensive loss	(6,229)	(1,782)

### STATEMENT OF CHANGES IN EQUITY

	Note	Ordinary share capital £'000	Retained profit / (loss) £'000	Total equity £'000
At 31 January 2015 (Audited)		687	(38,740)	(38,053)
Loss recognised in the income statement	16	-	(1,782)	(1,782)
Total comprehensive loss for the year		-	(1,782)	(1,782)
At 31 January 2016 (Unaudited)		687	(40,522)	(39,835)
Loss recognised in the income statement	16	-	(6,229)	(6,229)
Total comprehensive loss for the year		-	(6,229)	(6,229)
At 31 January 2017 (Unaudited)		687	(46,751)	(46,064)

The accompanying notes on pages 11 to 22 form part of these financial statements.



## FINCO CS LIMITED

### BALANCE SHEET

		Unaudited As at 31 January 2017 £'000	Unaudited As at 31 January 2016 £'000
	Notes		
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiary undertakings	20	-	-
Trade receivables and other debtors	11	6,643	5,890
		<b>6,643</b>	<b>5,890</b>
<b>Current assets</b>			
Trade receivables and other debtors	11	2,589	3,489
Cash and cash equivalents		403	214
		<b>2,992</b>	<b>3,703</b>
<b>Total assets</b>		<b>9,635</b>	<b>9,593</b>
<b>Equity</b>			
Share capital	15	687	687
Retained earnings	16	(46,751)	(40,522)
		<b>(46,064)</b>	<b>(39,835)</b>
<b>Current liabilities</b>			
Trade payables and other creditors	12	12,223	8,676
Provisions	14	162	25
		<b>12,385</b>	<b>8,701</b>
<b>Non-current liabilities</b>			
Trade payables and other creditors	12	43,314	40,727
		<b>43,314</b>	<b>40,727</b>
<b>Total liabilities</b>		<b>55,699</b>	<b>49,428</b>
<b>Total equity and liabilities</b>		<b>9,635</b>	<b>9,593</b>

For the financial year in question the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements of Finco CS Limited, registered number 4134744, were approved by the Board of Directors on 25 April 2017 and were signed on its behalf by:



Helen McCusker  
Director

The accompanying notes on pages 11 to 22 form part of these financial statements.

## FINCO CS LIMITED

### CASH FLOW STATEMENT

		Unaudited Year ended 31 January 2017 £'000	Unaudited Year ended 31 January 2016 £'000
	Notes		
<b>Cash flows from operating activities</b>			
Cash generated / (used in) operations	18	189	(604)
Interest paid		(1)	(5)
Interest received		1	-
Other financial income		-	-
<b>Net cash generated / (used) in operating activities</b>		<b>189</b>	<b>(609)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>189</b>	<b>(609)</b>
<b>Movement in cash and cash equivalents</b>			
Opening cash and cash equivalents		214	823
Net increase / (decrease) in cash and cash equivalents		189	(609)
<b>Cash and cash equivalents at end of year</b>		<b>403</b>	<b>214</b>

The accompanying notes on pages 11 to 22 form part of these financial statements.

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. Significant accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are applied consistently and are set out below.

##### **Basis of accounting**

The financial statements of Finco CS Limited, a limited liability company domiciled in the United Kingdom, have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union (EU). The financial statements have been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments in accordance with IAS 39 (Financial Instruments Recognition and Measurement) as explained below.

Following the sale of the Group's trading subsidiaries in the year ended 31 January 2015, the main purpose of the remaining Group is the collection and distribution of remaining amounts due to it and winding up the remaining Group companies. It is anticipated that this process could take approximately nine months to complete from the balance sheet date.

It is therefore the director's intention to cease trading at some point in the future. Consequently, the director has concluded that the adoption of the going concern basis is not appropriate and these accounts have been prepared on a basis other than going concern.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

##### **Going concern and financing arrangements**

At 31 January 2017, the Company had current assets of £2,992,000 (2016: £3,703,000) and current liabilities of £12,385,000 (2016: £8,701,000). At the same date, the Company had amounts owing to other group companies of £55,509,000 (2016: £49,125,000) and amounts due from group companies of £9,231,000 (2016: £9,135,000).

As stated above, it is the director's intention to cease trading at some point in the future therefore the director has concluded that the adoption of the going concern basis is not appropriate and these accounts have been prepared on a basis other than going concern.

##### **Adoption of new and revised Standards**

The Company has not early adopted any standard and no new standards, amendments to standards and interpretations have been applied by the Company which have resulted in a significant impact on its results or financial position.

##### **Foreign currency translation**

British Pounds Sterling (GBP) is the presentation currency of the Company's financial statements. GBP is used by the Company for conducting the majority of its business and also for reporting its results. Where the Company carries out transactions in a different currency to its local one, the foreign currency amounts are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, such as trade receivables, trade payables and foreign currency bank accounts, are retranslated at the rate of exchange ruling at the end of the reporting period. All differences arising on translating these amounts are taken to the Statement of Comprehensive Income in the period in which they occur.

**NOTES TO THE FINANCIAL STATEMENTS****1. Significant accounting policies (continued)****Revenue recognition**

Revenue is the recharging of central support function costs to Group companies. Also, during the year ended 31 January 2015, certain Group companies were sold to third parties and revenue was recognised in the prior year for the provision of transitional services to those companies. These recharges include a profit element and depending upon the nature of the recharge, revenue is taken to the income statement when the service is provided or in equal monthly instalments over the period for which the recharge relates.

**Cash and cash equivalents**

Cash and cash equivalents comprise bank balances and short-term deposits with an original maturity of three months or less.

**Investments**

Investments in subsidiary undertakings are recorded at cost less any provision for impairment.

**Employee benefits***Pensions and other post-employment benefits*

The Company operates a defined contribution pension scheme for the benefit of all employees. The costs relating to this scheme are charged to the Income Statement as they fall due. The Company provides no other post-retirement benefits to its employees.

**Taxation**

The tax expense represents the sum of the tax currently payable and deferred 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Significant accounting policies (continued)

#### Non-recurring items

Items are classified as non-recurring income or expenses where they are considered by the Company to be material and are different from events or transactions which fall within the ordinary activities of the Company and which individually, or if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to be properly understood. Details of the non-recurring items are provided in note 3.

#### Provisions

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

#### Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the Income Statement on a straight line basis over the term of the relevant lease.

#### Financial risk management

A discussion of the Company's financial risk management objectives and policies and the exposure of the Company to liquidity, market and credit risk is included within note 10 to the financial statements.

#### Critical accounting judgements

In the application of the Company's accounting policies, which are described in this note, the director is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the critical judgements that the director has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### *Group undertakings*

It is assumed that all amounts owed by and to Group undertakings at the Balance Sheet date will be received and paid and therefore no provision has been made for these amounts.

### 2. Revenue

The Company's revenue and operating (loss) / profit relate entirely to its principal activities in the United Kingdom.

## FINCO CS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 3. Non-recurring administrative expenses

Items are classified as non-recurring when they are considered by the Company to be material and are different from events or transactions which fall within ordinary activities of the Company and which individually, or if of similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to be properly understood.

Non-recurring items are made up of and have been (charged) / credited to the Income Statement as follows:

	Unaudited 2017 £'000	Unaudited 2016 £'000
Professional fees associated with sale of subsidiaries	-	144
<b>Non-recurring items included in operating profit / (loss)</b>	<b>-</b>	<b>144</b>

#### 4. Operating loss

Operating loss is stated after the following charges which require to be disclosed:

	Notes	Unaudited 2017 £'000	Unaudited 2016 £'000
Depreciation on assets			
- owned by the Company		-	9
Amortisation of intangible assets		-	3
Currency translation losses / (gains)	6	(1)	(5)

#### 5. Auditor remuneration

The Company is exempt from audit under section 477 of the Companies Act 2006 relating to small companies and so auditor remuneration in the current and prior year was £Nil.

#### 6. Finance costs

	Unaudited 2017 £'000	Unaudited 2016 £'000
Bank charges	(1)	(5)
Group undertakings interest	(775)	(911)
Currency translation losses	(5,290)	(713)
<b>Finance costs</b>	<b>(6,066)</b>	<b>(1,629)</b>

Currency translation gains / (losses):

	Unaudited 2017 £'000	Unaudited 2016 £'000
Currency translation gains / (losses) included in:		
-Operating (loss) / profit	1	5
-Finance (costs) / income	(5,290)	(713)
<b>Total currency translation (losses) / gains</b>	<b>(5,289)</b>	<b>(708)</b>

## FINCO CS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 6. Finance costs (continued)

Currency translation gains and losses relate to the translation of the transactions and balances that are not denominated in the Company's functional currency, the GBP. The loss of £5,289,000 in the year ended 31 January 2017 (2016: £708,000 loss) is primarily due to the depreciation of the GBP against the Euro.

#### 7. Staff costs

		Unaudited 2017 £'000	Unaudited 2016 £'000
	Note		
Wages and salaries		81	158
Social security costs		10	24
Pension costs – defined contribution plans	13	6	8
		<b>97</b>	<b>190</b>

The average number of employees in the year was 1 (2016: 2).

The total remuneration of the key management during the year was £87,000 (2016: £132,000) including contributions to defined contribution pension plans of £6,000 (2016: £6,000). Emoluments received by key management were for services to all Group companies. Key management is defined as the directors who are listed on page 3 of this report and who served during the whole year or part of the year, as well as the former Group Chief Executive Officer.

#### 8. Directors' remuneration

	Unaudited 2017 £'000	Unaudited 2016 £'000
<b>Aggregate emoluments</b>		
Aggregate emoluments (including benefits in kind)	81	82
Company pension contributions to money purchase scheme	6	6
	<b>87</b>	<b>88</b>

  

	Unaudited 2017 £'000	Unaudited 2016 £'000
<b>Highest paid director</b>		
Aggregate emoluments (including benefits in kind)	81	82
Company pension contributions to money purchase scheme	6	6
	<b>87</b>	<b>88</b>

#### 9. Taxation

	Unaudited 2017 £'000	Unaudited 2016 £'000
Amount receivable from a group subsidiary in respect of group relief	-	-
<b>Total Tax</b>	<b>-</b>	<b>-</b>

## FINCO CS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 9. Taxation (continued)

##### Reconciliation of income taxes

The tax charge on the Company's loss before tax has been based on the average current year tax rate of 20% (2016: 20.17%). The standard rate of corporation tax has been reduced to 19% from 1 April 2017 and to 17% from 1 April 2019 however it is anticipated that the Company's temporary differences will reverse at 20% due to the anticipated cessation of the company's activities.

A reconciliation of the effective tax rate for the current year tax charge is set out as below.

	Unaudited 2017 £'000	Unaudited 2016 £'000
(Loss) / Profit before tax	(6,229)	(1,782)
Tax calculated at 20% (2016: 20.17%)	(1,246)	(360)
Expenses not deductible for tax purposes	1,217	348
Deferred tax not recognised	29	12
<b>Tax credit</b>	-	-

##### Deferred tax assets

The Company has an unrecognised deferred tax asset as noted below. It is not probable that taxable profits will be generated in the foreseeable future, against which deductible temporary differences and tax losses carried forward could be utilised.

	Unaudited 2017 £'000	Unaudited 2016 £'000
Depreciation in excess of capital allowances	3,979	3,979
Short term timing differences	-	2
Tax losses carried forward	2,007	1,937
<b>Deferred tax asset not recognised</b>	<b>5,986</b>	<b>5,918</b>

The unrecognised deferred tax asset of the Company has been calculated at 20% (2016: 20%).



## FINCO CS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 10. Financial risk management

##### Financial liabilities

Financial liabilities as defined by IAS 39 comprise trade payables and certain other creditors. The combined carrying value as at 31 January 2017 is £55,533,000 (2016: £49,399,000).

Of this a total of £35,331,000 (2016: £33,648,000) is interest bearing and has an interest rate profile as follows:

	Fixed	Floating	Total
As at 31 January 2017 (Unaudited)	£'000	£'000	£'000
Intercompany loans	35,331	-	35,331
	<b>35,331</b>	<b>-</b>	<b>35,331</b>

	Fixed	Floating	Total
As at 31 January 2016 (Unaudited)	£'000	£'000	£'000
Intercompany loans	33,648	-	33,648
	<b>33,648</b>	<b>-</b>	<b>33,648</b>

The carrying amounts of trade payables, accruals and other liabilities, including intercompany loans, are not materially different from their fair value.

##### Financial assets

Financial assets as defined by IAS 39 comprise cash, trade receivables and certain other debtors. The combined carrying value as at 31 January 2017 is £9,634,000 (2016: £9,590,000). Of this total, cash of £403,000 (2016: £214,000) earns interest at the bank variable rate.

##### Financial risk management

The Company's activities expose it to a variety of financial risks, including market risk (currency risk, cash flow interest rate risk), credit risk and liquidity risk. The overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Company. The Company does not undertake any speculative treasury activities.

##### Market risk

##### Foreign exchange management

The Company operates primarily in the UK, however there is some foreign exchange risk, mainly associated with the Euro as a result of certain inter-company transactions within the Group being undertaken in the Euro.

The risks arising from operational activities are generally short term in nature and the Company's policy is to manage this through matching of cash flows in the relevant currencies. Gains and losses on these activities are fully reflected in the Income Statement of the period in which they arise.

Part of the Company's debt is denominated in Euros and the Company is exposed to foreign exchange translation risk on that debt. For every 10 per cent movement in the Euro, there is an approximate movement in equity of £5,489,000 (2016: £4,912,000).

##### Interest rate management

Interest rate risk management is governed by the interest rate risk on the Company's inter-company loans.

At the Balance Sheet date and prior year Balance Sheet date, no inter-company debt facilities carried variable interest terms.

## FINCO CS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 10. Financial risk management (continued)

##### *Liquidity risk*

The Company is financed through a mix of long and short term finance. The liabilities of the Company are primarily amounts owed to group undertakings. Full details are given in note 12. The outstanding payables owed to Group undertakings are not considered to be a significant liquidity risk. The Company's liquidity risk management policy requires that sufficient cash is maintained to meet short term external funding requirements.

The following table summarises the ageing of the liquidity risk.

	Amounts owed to group undertakings	Trade payables	Accruals	Social security and other taxes	Total
Due as at 31 January 2017 (Unaudited)	£'000	£'000	£'000	£'000	£'000
Less than 1 month	12,195	-	23	3	12,221
Within 1 year	-	-	-	-	-
Within 2 years	-	-	-	-	-
Within 4 years	43,314	-	-	-	43,314
	<b>55,509</b>	<b>-</b>	<b>23</b>	<b>3</b>	<b>55,535</b>

##### *Credit risk*

Credit risk arises from cash, cash equivalents, outstanding receivables and committed transactions. The Company holds minimal cash and cash equivalents, and the outstanding receivables are owed by Group undertakings that are not considered to be a significant credit risk.

#### 11. Trade receivables and other debtors

	Unaudited 2017 £'000	Unaudited 2016 £'000
<b>Amounts falling due after more than one year</b>		
Amounts owed by group undertakings	6,643	5,890
	<b>6,643</b>	<b>5,890</b>
	Unaudited 2017 £'000	Unaudited 2016 £'000
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	2,588	3,245
Provision for bad and doubtful debts - group undertakings	-	-
Amounts owed by other Damovo Group companies - net	2,588	3,245
Sales taxes	1	3
Other debtors	-	241
	<b>2,589</b>	<b>3,489</b>

£6,643,000 (2016: £5,890,000) owed by group undertakings is repayable within four years. All other amounts owed by group undertakings in the current and prior year are repayable on demand. All amounts owed by Group undertakings in the current and prior year are non-interest bearing.

The carrying amounts of trade receivables and other debtors are equal to their fair values.

## FINCO CS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 11. Trade receivables and other debtors (continued)

In the current year, a set off agreement was signed between the Company and another group undertaking, Finco II Sarl, with an effective date of 6 February 2015. The effect of this set off agreement was to reduce both the Company's receivable and payable amounts, to and from Finco II Sarl, by EUR 3,333,000.

Subsequent to the Balance Sheet date it was agreed that the amounts owed by group undertakings would be settled or released (see note 22, Post balance sheet events). Note that this post balance sheet event has not been reflected in the accounts for the year ended 31 January 2017.

Impaired receivables are £Nil in the current and prior year.

As at 31 January 2017 amounts receivable of £2,588,000 (2016: £2,479,000) were past due but not impaired. These relate to trading receivable amounts from current Group undertakings. The ageing analysis of these receivables is as follows:

	Unaudited 2017 £'000	Unaudited 2016 £'000
less than 3 months	33	190
3 to 6 months	27	49
Over 6 months	2,528	2,240
	<b>2,588</b>	<b>2,479</b>

The carrying amounts of receivables are denominated in the following currencies:

	Unaudited 2017 £'000	Unaudited 2016 £'000
GBP	2,338	2,222
EUR	6,820	6,846
USD	74	311
	<b>9,232</b>	<b>9,379</b>

The other classes within trade and other receivables also do not contain impaired assets.

The maximum exposure to credit risk at the Balance Sheet date is the fair value of each class of receivables mentioned above. The Company does not hold any collateral as security.

#### 12. Trade payables and other creditors

Current:

	Unaudited 2017 £'000	Unaudited 2016 £'000
Trade payables	-	258
Amounts owed to group undertakings	12,195	8,398
Accruals	25	17
Social security and other taxes	3	3
	<b>12,223</b>	<b>8,676</b>

## FINCO CS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 12. Trade payables and other creditors (continued)

Non-current:

	Unaudited 2017 £'000	Unaudited 2016 £'000
Amounts owed to group undertakings	43,314	40,727
	<b>43,314</b>	<b>40,727</b>

£12,195,000 (2016: £8,398,000) of the amounts owed to group undertakings are repayable on demand and £43,314,000 (2016: £40,727,000) is repayable within four years.

£24,920,000 (2016: £22,095,000) bears interest at a rate of 0.258% p.a., £7,232,000 (2016: £8,735,000) at a rate of 5.258% p.a. and £3,179,000 (2016: £2,818,000) at a rate of 12.4%.

All other amounts owed to group undertakings are non-interest bearing.

During the year, a set off agreement was signed between the Company and another group undertaking, Finco II Sarl, with an effective date of 6 February 2015. The effect of this set off agreement was to reduce both the Company's receivable and payable amounts, to and from Finco II Sarl, by EUR 3,333,000.

Subsequent to the Balance Sheet date it was agreed that the amounts owed to group undertakings would be settled or released (see note 22, Post balance sheet events). Note that this post balance sheet event has not been reflected in the accounts for the year ended 31 January 2017.

#### 13. Employee benefits

##### *Defined contribution plan*

The Group operates defined contribution pension plans for eligible employees. Contributions are paid by the member and/or the employer at fixed rates. The benefits secured at retirement or death reflects each employee's accumulated fund and the cost of purchasing benefits at that time.

The charge for the year represents the employer's contribution at the Balance Sheet date. The charge to the Income Statement for defined contribution plans was £6,000 (2016: £8,000).

#### 14. Provisions

Estimated fees associated with the Company's wind up and solvent liquidation are £132,000 and have been fully provided for in the current year (2016: €Nil).

Estimated fees associated with a litigation case in relation to Damovo Czech are £30,000 (2016: £25,000) and have been fully provided for.

#### 15. Ordinary shares

	Unaudited 2017 £	Unaudited 2016 £
<b>Authorised</b>		
686,973 Ordinary shares of £1	686,973	686,973
<b>Allotted, called up and fully paid</b>		
686,973 Ordinary shares of £1	686,973	686,973

## FINCO CS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 16. Reserves

The reserves of the Company are shown below and reflect the transactions shown in the Income Statement and Statement of Changes in Equity.

	Retained earnings £'000
As at 31 January 2015 (Audited)	(38,740)
Loss for the year	(1,782)
As at 31 January 2016 (Unaudited)	(40,522)
Loss for the year	(6,229)
As at 31 January 2017 (Unaudited)	(46,751)

#### 17. Commitments and contingencies

The Company is a joint guarantor, together with fellow Group undertakings of the EUR 10 million Convertible Loan Notes with repayment date December 31, 2020, all in terms of the New Loan Note Instrument effective from April 17, 2012. In the current year, EUR 1,138,000 of capital and accrued interest was repaid on the EUR 10 million Convertible Loan Notes. Subsequent to the balance sheet date a further EUR 575,000 of capital and accrued interest was repaid on the EUR 10 million Convertible Loan Notes and the remaining capital balance of EUR 7,879,000 was waived following consent from the required Noteholders. See note 22, Post balance sheet events, for further details.

The Company has no other commitments or contingent liabilities at 31 January 2017.

#### 18. Cash (used in) / generated from operations

	Notes	Unaudited 2017 £'000	Unaudited 2016 £'000
<b>Continuing operations</b>			
Profit / (Loss) before tax		(6,229)	(1,782)
Adjustments for:			
- Depreciation and amortisation	4	-	12
- Currency translation loss / (gain)	4, 6	5,288	708
- Interest income	6	(1)	-
- Interest expense	6	778	916
Operating cash flows before movement in working capital:		(164)	(146)
- (Increase) / decrease in trade receivables and other debtors		1,014	750
- (Decrease) / Increase in trade payables and other creditors		(798)	(588)
- Increase / (decrease) in provisions		137	(620)
<b>Cash used in operations</b>		<b>189</b>	<b>(604)</b>

## FINCO CS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 19. Related party transactions

	Unaudited 2017 £'000	Unaudited 2016 £'000
<b>Group companies</b>		
Sales of services to both fellow and former group companies during the period	104	97
Amounts receivable from other group undertakings	9,231	9,135
Amounts payable to other group undertakings	(55,509)	(49,125)

The Company charged fellow and former group companies for providing central management services during the year.

Interest expense from related party transactions is disclosed at note 6, 'Finance costs'.

#### Directors' and key management remuneration

The remuneration of the directors and key management is set out in note 7 'Staff costs' and note 8 'Directors' remuneration'.

#### 20. Investments in subsidiary undertakings

	Country of incorporation	% owned	Unaudited 31 January 2017 Carrying value £'000	Unaudited 31 January 2016 Carrying value £'000
Finco UK II Limited	UK	100%	-	-
<b>Total</b>			-	-

The Company investment in Finco UK II Limited (previously known as Damovo UK Finance II Limited) is 2,188,057 ordinary shares of £1 each.

The principal activity of Finco UK II Limited is to lend finance to, and borrow finance from, other group companies.

#### 21. Ultimate parent undertaking

The ultimate parent undertaking at 31 January 2017 was DGHL Limited, a Cayman Islands based company.

#### 22. Post balance sheet events

On 13 February 2017, the Group made an aggregate cash payment of capital and accrued interest of EUR 575,000 to Convertible Loan Noteholders. Prior to this, the Group had received the necessary consents from Noteholders meaning that this payment represented the final amount to be paid on the Convertible Notes and the remaining outstanding balance of the Convertible Loan Notes was released immediately following this payment.

On 14 March 2017, agreement was reached between Finco CS Limited, Finco UK II Limited, Finco I S.à.r.l., Finco II S.à.r.l., Finco Holdings S.à.r.l. and DGHL Limited to settle or release various outstanding intercompany debts, including the Profit Participating Loans, ensuring that each company involved would remain or become solvent once all the steps to the agreement were implemented. The effects of this agreement have not been reflected in these accounts.

Appendix

**FINCO CS LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 January 2017**

**Registered Number: 4134744**

## **FINCO CS LIMITED**

---

### **CONTENTS**

	<b>Page</b>
Statutory information	25
Director's report	26-27
Director's responsibilities statement	28
Income statement	29
Statement of comprehensive income	30
Statement of changes in equity	30
Balance sheet	31
Cash flow statement	32
Notes to the financial statements	33 - 44



## **FINCO CS LIMITED**

---

### **STATUTORY INFORMATION**

**Director**

Helen McCusker

**Secretary**

Salim Alam

**Registered Office**

Tankerton Works

12 Argyle Walk

London

WC1H 8HA

**Bankers**

Royal Bank of Scotland plc

**Solicitor**

Akin Gump LLP

## **FINCO CS LIMITED**

---

### **DIRECTOR'S REPORT**

The director presents her report and the unaudited financial statements of the Finco CS Limited Group ("Finco CS") for the year ended 31 January 2017 which consolidates the results of Finco CS Limited and its wholly owned subsidiary Finco UK II Limited. This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies. The Group is exempt from preparing a separate strategic report and the Group is also exempt from audit under section 477 of the Companies Act 2006 relating to small groups. Note that the prior year consolidated financial statements for the year ended 31 January 2016 are also unaudited.

#### **Business review and principal activities**

Finco CS provides central support functions to the Finco Group (formerly Damovo Group) and generates turnover by charging other group companies for the provision of these services. In prior years, Finco CS provided support services to current and former members of the Damovo Group up to the point of sale and thereafter Finco CS provided transitional services to those trading businesses for an agreed period of time, until the end of July 2015.

Note that an element of expenses are not recharged hence a pre-exceptionals operating loss is incurred. Finco CS will continue to provide these services in the coming year.

#### **Results and dividend**

Finco CS's loss for the year is £6,243,000 (2016: £1,793,000 loss) which is mainly driven by intercompany interest expense and currency exchange losses. The director does not recommend payment of a dividend (2016: £Nil).

#### **Review of business and future developments**

Finco CS has established in prior years a number of inter-company loans resulting in it being in a net payables position to other group companies at the year end. Subsequent to the Balance Sheet date it was agreed that the amounts owed by and to group undertakings would be settled or released (see note 22, Post balance sheet events). Note that this post balance sheet event has not been reflected in the accounts for the year ended 31 January 2017.

At 31 January 2017, Finco CS had current assets of £2,984,000 (2016: £3,695,000) and current liabilities of £12,401,000 (2016: £8,700,000). At the same date, Finco CS had amounts owing to other group companies of £55,509,000 (2016: £49,125,000) and amounts due from group companies of £2,578,000 (2016: £3,236,000).

#### **Going Concern**

Following the sale of the Group's trading subsidiaries in the year ended 31 January 2015, the main purpose of the remaining Group is the collection and distribution of remaining amounts due to it and winding up the remaining Group companies. It is anticipated that this process could take approximately nine months to complete from the balance sheet date.

It is therefore the director's intention to cease trading at some point in the future therefore the director has concluded that the adoption of the going concern basis is not appropriate and these accounts have been prepared on a basis other than going concern.

#### **Key performance indicators ("KPIs")**

Given the straightforward nature of Finco CS's business, the director is of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of Finco CS's business.

#### **Directors**

The director who held office during the year and the director in place at the date of this report is set out on page 25.

## **FINCO CS LIMITED**

---

### **DIRECTOR'S REPORT (continued)**

#### **Audit exemption**

For the year ending 31 January 2017, the Group was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small groups.

The members have not required Finco CS to obtain an audit of its accounts for the year in question in accordance with section 476.

The director acknowledges her responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to groups subject to the small groups regime.

**By order of the board**



**Helen McCusker**  
Director  
25 April 2017

### **DIRECTOR'S RESPONSIBILITIES STATEMENT**

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the director must not approve the financial statements unless she is satisfied that they give a true and fair view of the state of affairs of Finco CS and of the profit or loss of Finco CS for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of Finco CS's ability to continue as a going concern unless it is inappropriate to presume that Finco CS will continue in business.

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

## FINCO CS LIMITED

### CONSOLIDATED INCOME STATEMENT

		Year ended 31 January 2017 Unaudited £'000	Year ended 31 January 2016 Unaudited £'000
	Notes		
<b>Continuing operations</b>			
Revenue	2	104	295
Administrative expenses		(281)	(603)
Non-recurring administrative expenses	3	-	144
Total administrative expenses		(281)	(459)
Operating loss	4	(177)	(164)
Finance costs	6	(6,066)	(1,629)
Loss before taxation		(6,243)	(1,793)
Taxation	9	-	-
Loss for the year	16	(6,243)	(1,793)

All the activities of the Group are classed as continuing.

The accompanying notes on pages 33 to 44 form part of these financial statements.

## FINCO CS LIMITED

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 January 2017 Unaudited £'000	Year ended 31 January 2016 Unaudited £'000
Loss for the year and total comprehensive loss	(6,243)	(1,793)

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Ordinary share capital £'000	Translation reserve £'000	Retained profit / (loss) £'000	Total equity £'000
At 31 January 2015 (Audited)		687	(133)	(44,408)	(43,854)
Exchange movements on translation of Finco UK II Limited results and net assets		-	(85)	-	(85)
Loss recognised in the income statement	16	-	-	(1,793)	(1,793)
Total comprehensive loss for the year		-	(85)	(1,793)	(1,878)
At 31 January 2016 (Unaudited)		687	(218)	(46,201)	(45,732)
Exchange movements on translation of Finco UK II Limited results and net assets		-	(756)	-	(756)
Loss recognised in the income statement	16	-	-	(6,243)	(6,243)
Total comprehensive loss for the year		-	(756)	(6,243)	(6,999)
At 31 January 2017 (Unaudited)		687	(974)	(52,444)	(52,731)

The accompanying notes on pages 33 to 44 form part of these financial statements.

## FINCO CS LIMITED

### CONSOLIDATED BALANCE SHEET

		As at 31 January 2017 Unaudited £'000	As at 31 January 2016 Unaudited £'000
	Notes		
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiary undertakings	20	-	-
<b>Current assets</b>			
Trade receivables and other debtors	11	2,579	3,480
Cash and cash equivalents		405	215
		<b>2,984</b>	<b>3,695</b>
<b>Total assets</b>		<b>2,984</b>	<b>3,695</b>
<b>Equity</b>			
Share capital	15	687	687
Translation reserve		(974)	(218)
Retained earnings	16	(52,444)	(46,201)
		<b>(52,731)</b>	<b>(45,732)</b>
<b>Current liabilities</b>			
Trade payables and other creditors	12	12,233	8,675
Provisions	14	168	25
		<b>12,401</b>	<b>8,700</b>
<b>Non-current liabilities</b>			
Trade payables and other creditors	12	43,314	40,727
		<b>43,314</b>	<b>40,727</b>
<b>Total liabilities</b>		<b>55,715</b>	<b>49,427</b>
<b>Total equity and liabilities</b>		<b>2,984</b>	<b>3,695</b>

For the financial year in question the group was entitled to exemption under section 477 of the Companies Act 2006 relating to small groups.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small groups regime.

The financial statements of Finco CS Limited, registered number 4134744, were approved by the Board of Directors on 25 April 2017 and were signed on its behalf by:



Helen McCusker  
Director

The accompanying notes on pages 33 to 44 form part of these financial statements.

## FINCO CS LIMITED

### CONSOLIDATED CASH FLOW STATEMENT

		Year ended 31 January 2017 Unaudited £'000	Year ended 31 January 2016 Unaudited £'000
	Notes		
<b>Cash flows from operating activities</b>			
Cash generated / (used in) operations	18	190	(604)
Interest paid		(1)	(5)
Interest received		1	-
<b>Net cash generated / (used in) operating activities</b>		<b>190</b>	<b>(609)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>190</b>	<b>(609)</b>
<b>Movement in cash and cash equivalents</b>			
Opening cash and cash equivalents		215	824
Net (decrease) / increase in cash and cash equivalents		190	(609)
<b>Cash and cash equivalents at end of year</b>		<b>405</b>	<b>215</b>

The accompanying notes on pages 33 to 44 form part of these financial statements.



## **FINCO CS LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. Significant Accounting Policies**

The principal accounting policies adopted in the preparation of these financial statements are applied consistently and are set out below.

##### **Basis of accounting**

The financial statements of Finco CS Limited, a limited liability company domiciled in the United Kingdom, have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union (EU). The financial statements have been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments in accordance with IAS 39 (Financial Instruments Recognition and Measurement) as explained below.

Following the sale of the Group's trading subsidiaries in the year ended 31 January 2015, the main purpose of the remaining Group is the collection and distribution of remaining amounts due to it and winding up the remaining Group companies. It is anticipated that this process could take approximately nine months to complete from the balance sheet date.

It is therefore the director's intention to cease trading at some point in the future therefore the director has concluded that the adoption of the going concern basis is not appropriate and these accounts have been prepared on a basis other than going concern.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

##### **Going concern and financing arrangements**

At 31 January 2017, Finco CS had current assets of £2,984,000 (2016: £3,695,000) and current liabilities of £12,401,000 (2016: £8,700,000). At the same date, Finco CS had amounts owing to other group companies of £55,509,000 (2016: £49,125,000) and amounts due from group companies of £2,578,000 (2016: £3,236,000).

As stated above, it is the director's intention to cease trading at some point in the future therefore the director has concluded that the adoption of the going concern basis is not appropriate and these accounts have been prepared on a basis other than going concern.

##### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 January each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

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

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

##### **Adoption of new and revised Standards**

Finco CS has not early adopted any standard and no new standards, amendments to standards and interpretations have been applied by the Company which have resulted in a significant impact on its results or financial position.

## **FINCO CS LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. Significant Accounting Policies (continued)**

##### **Foreign currency translation**

British Pounds Sterling (GBP) is the presentation currency of Finco CS's financial statements. GBP is used by Finco CS for conducting the majority of its business and also for reporting its results. Where Finco CS carries out transactions in a different currency to its local one, the foreign currency amounts are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, such as trade receivables, trade payables and foreign currency bank accounts, are retranslated at the rate of exchange ruling at the end of the reporting period. All differences arising on translating these amounts are taken to the Statement of Comprehensive Income in the period in which they occur.

##### **Revenue recognition**

Revenue is the recharging of central support function costs to Group companies. Also, during the year ended 31 January 2015, certain Group companies were sold to third parties and revenue was recognised in the prior year for the provision of transitional services to those companies. These recharges include a profit element and depending upon the nature of the recharge, revenue is taken to the income statement when the service is provided or in equal monthly instalments over the period for which the recharge relates.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise bank balances and short-term deposits with an original maturity of three months or less.

##### **Investments**

Investments in subsidiary undertakings are recorded at cost less any provision for impairment.

##### **Employee benefits**

###### *Pensions and other post-employment benefits*

Finco CS operates a defined contribution pension scheme for the benefit of all employees. The costs relating to this scheme are charged to the Income Statement as they fall due. Finco CS provides no other post-retirement benefits to its employees.

##### **Taxation**

The tax expense represents the sum of the tax currently payable and deferred 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. Finco CS's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where Finco CS is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

## **FINCO CS LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. Significant accounting policies (continued)**

##### **Taxation (continued)**

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and Finco CS intends to settle its current tax assets and liabilities on a net basis.

##### **Non-recurring items**

Items are classified as non-recurring income or expenses where they are considered by Finco CS to be material and are different from events or transactions which fall within the ordinary activities of Finco CS and which individually, or if of a similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to be properly understood. Details of the non-recurring items are provided in note 3.

##### **Provisions**

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

##### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the Income Statement on a straight line basis over the term of the relevant lease.

##### **Financial risk management**

A discussion of Finco CS's financial risk management objectives and policies and the exposure of Finco CS to liquidity, market and credit risk is included within note 10 to the financial statements.

##### **Critical accounting judgements**

In the application of Finco CS's accounting policies, which are described in this note, the director is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the critical judgements that the director has made in the process of applying Finco CS's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

##### *Group undertakings*

It is assumed that all amounts owed by and to Group undertakings at the Balance Sheet date will be received and paid and therefore no provision has been made for these amounts.

#### **2. Revenue**

Finco CS's revenue and operating profit / (loss) relate entirely to its principal activities in the United Kingdom.

## FINCO CS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 3. Non-recurring administrative expenses

Items are classified as non-recurring when they are considered by Finco CS to be material and are different from events or transactions which fall within ordinary activities of Finco CS and which individually, or if of similar type, in aggregate, need to be disclosed by virtue of their size or incidence if the financial statements are to be properly understood.

Non-recurring items are made up of and have been (charged) / credited to the Income Statement as follows:

	2017	2016
	Unaudited	Unaudited
	£'000	£'000
Professional fees associated with sale of subsidiaries	-	144
<b>Non-recurring items included in operating loss</b>	<b>-</b>	<b>144</b>

#### 4. Operating profit / (loss)

Operating profit / (loss) is stated after the following charges which require to be disclosed:

	2017	2016
	Unaudited	Unaudited
	£'000	£'000
	Notes	
Depreciation on assets		
- owned by the Company	-	9
Amortisation of intangible assets	-	3
Currency translation (gains) / losses	6 (1)	(5)

#### 5. Auditor remuneration

Finco CS is exempt from audit under section 477 of the Companies Act 2006 relating to small groups and so auditor remuneration in the current and prior year was £Nil.

#### 6. Finance costs

	2017	2016
	Unaudited	Unaudited
	£'000	£'000
Bank charges	(1)	(5)
Group undertakings interest	(775)	(911)
Currency translation gains	(5,290)	(713)
<b>Finance costs</b>	<b>(6,066)</b>	<b>(1,629)</b>

# FINCO CS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Finance costs (continued)

Currency translation gains / (losses):

	2017	2016
	Unaudited	Unaudited
	£'000	£'000
Currency translation gains / (losses) included in:		
- Operating gain / (loss)	1	5
- Finance income (costs)	(5,290)	(713)
<b>Total currency translation gains / (losses)</b>	<b>(5,289)</b>	<b>(708)</b>

Currency translation gains and losses relate to the translation of the transactions and balances that are not denominated in Finco CS's functional currency, the GBP. The loss of £5,289,000 in the year ended 31 January 2017 (2016: £708,000 loss) is primarily due to the depreciation (2016: depreciation) of the GBP against the Euro.

### 7. Staff costs

	2017	2016
	Unaudited	Unaudited
	£'000	£'000
Note		
Wages and salaries	81	158
Social security costs	10	24
Pension costs – defined contribution plans	6	8
	<b>97</b>	<b>190</b>

The average number of employees in the year was 1 (2016: 2).

The total remuneration of the key management during the year was £87,000 (2016: £132,000) including contributions to defined contribution pension plans of £6,000 (2016: £6,000). Emoluments received by key management were for services to all Group companies. Key management is defined as the directors who are listed on page 25 of this report and who served during the whole year or part of the year, as well as the former Group Chief Executive Officer.

### 8. Directors' remuneration

	2017	2016
	Unaudited	Unaudited
	£'000	£'000
<b>Aggregate emoluments</b>		
Aggregate emoluments (including benefits in kind)	81	82
Company pension contributions to money purchase scheme	6	6
	<b>87</b>	<b>88</b>

	2017	2016
	Unaudited	Unaudited
	£'000	£'000
<b>Highest paid director</b>		
Aggregate emoluments (including benefits in kind)	81	82
Company pension contributions to money purchase scheme	6	6
	<b>87</b>	<b>88</b>

## FINCO CS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 9. Taxation

	2017	2016
	Unaudited	Unaudited
	£'000	£'000
Amount receivable from a group subsidiary in respect of group relief	-	-
<b>Total Tax</b>	-	-

#### Reconciliation of income taxes

The tax charge on the Finco CS's loss before tax has been based on the average current year tax rate of 20% (2016: 20.17%). The standard rate of corporation tax has been reduced to 19% from 1 April 2017 and to 17% from 1 April 2019 however it is anticipated that Finco CS's temporary differences will reverse at 20% due to the anticipated cessation of activities.

A reconciliation of the effective tax rate for the current year tax charge is set out as below.

	2017	2016
	Unaudited	Unaudited
	£'000	£'000
(Loss) / Profit before tax	(6,243)	(1,793)
Tax calculated at 20% (2016: 20.17%)	(1,249)	(362)
Expenses not deductible for tax purposes	1,218	348
Deferred tax not recognised	31	14
<b>Tax credit</b>	-	-

#### Deferred tax assets

Finco CS has an unrecognised deferred tax asset as noted below. It is not probable that taxable profits will be generated in the foreseeable future, against which deductible temporary differences and tax losses carried forward could be utilised.

	2017	2016
	Unaudited	Unaudited
	£'000	£'000
Depreciation in excess of capital allowances	3,979	3,979
Short term timing differences	-	2
Tax losses carried forward	2,035	1,959
<b>Deferred tax asset not recognised</b>	<b>6,014</b>	<b>5,940</b>

The unrecognised deferred tax asset of Finco CS has been calculated at 20% (2016: 20%).

## FINCO CS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 10. Financial risk management

##### Financial liabilities

Financial liabilities as defined by IAS 39 comprise trade payables and certain other creditors. The combined carrying value as at 31 January 2017 is £55,542,000 (2016: £49,399,000).

Of this a total of £35,331,000 (2016: £33,648,000) is interest bearing and has an interest rate profile as follows:

	Fixed	Floating	Total
	£'000	£'000	£'000
<b>As at 31 January 2017 (Unaudited)</b>			
Intercompany loans	35,331	-	35,331
	<b>35,331</b>	<b>-</b>	<b>35,331</b>

	Fixed	Floating	Total
	£'000	£'000	£'000
<b>As at 31 January 2016 (Unaudited)</b>			
Intercompany loans	33,648	-	33,648
	<b>33,648</b>	<b>-</b>	<b>33,648</b>

The carrying amounts of trade payables, accruals and other liabilities, including intercompany loans, are not materially different from their fair value.

##### Financial assets

Financial assets as defined by IAS 39 comprise cash, trade receivables and certain other debtors. The combined carrying value as at 31 January 2017 is £2,982,000 (2016: £3,692,000). Of this total, cash of £405,000 (2016: £215,000) earns interest at the bank variable rate.

##### Financial risk management

Finco CS's activities expose it to a variety of financial risks, including market risk (currency risk, cash flow interest rate risk), credit risk and liquidity risk. The overall risk management programme seeks to minimise potential adverse effects on the financial performance of Finco CS. Finco CS does not undertake any speculative treasury activities.

##### Market risk

##### Foreign exchange management

Finco CS operates primarily in the UK however there is some foreign exchange risk mainly associated with the Euro as a result of certain inter-company transactions within the Group being undertaken in the Euro.

The risks arising from operational activities are generally short term in nature, and Finco CS's policy is to manage this through matching of cash flows in the relevant currencies. Gains and losses on these activities are fully reflected in the Income Statement of the period in which they arise.

Part of Finco CS's debt is denominated in Euros and Finco CS is exposed to foreign exchange translation risk on that debt. For every 10 per cent movement in the Euro, there is an approximate movement in equity of £5,489,000 (2016: £4,912,000).

##### Interest rate management

Interest rate risk management is governed by the interest rate risk on Finco CS's inter-company loans.

At the Balance Sheet date, no inter-company debt facilities carried variable interest terms.

## FINCO CS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 10. Financial risk management (continued)

##### *Liquidity risk*

Finco CS is financed through a mix of long and short term finance. The liabilities of Finco CS are primarily amounts owed to group undertakings. Full details are given in note 12. The outstanding payables owed to Group undertakings are not considered to be a significant liquidity risk. Finco CS's liquidity risk management policy requires that sufficient cash is maintained to meet short term external funding requirements.

The following table summarises the ageing of the liquidity risk.

	Amounts owed to group undertakings	Trade payables	Accruals	Social security and other taxes	Total
Due as at 31 January 2017 (Unaudited)	£'000	£'000	£'000	£'000	£'000
Less than 1 month	12,195	-	35	3	12,233
Within 1 year	-	-	-	-	-
Within 2 years	-	-	-	-	-
Within 4 years	43,314	-	-	-	43,314
	<b>55,509</b>	<b>-</b>	<b>35</b>	<b>3</b>	<b>55,547</b>

##### *Credit risk*

Credit risk arises from cash, cash equivalents, outstanding receivables and committed transactions. Finco CS holds minimal cash and cash equivalents, and the outstanding receivables are owed by Group undertakings that are not considered to be a significant credit risk.

#### 11. Trade receivables and other debtors

	2017	2016
	Unaudited	Unaudited
Amounts falling due within one year	£'000	£'000
Amounts owed by group undertakings	2,578	3,236
Provision for bad and doubtful debts - group undertakings	-	-
Amounts owed by other Damovo Group companies – net	2,578	3,236
Sales taxes	1	3
Other debtors	-	241
	<b>2,579</b>	<b>3,480</b>

All amounts owed by Group undertakings in the current and prior year are repayable on demand. All amounts owed by group undertakings in the current and prior year are non-interest bearing.

The carrying amounts of trade receivables and other debtors are equal to their fair values.

In the current year, a set off agreement was signed between Finco CS Limited and another group undertaking, Finco II Sarl, with an effective date of 6 February 2015. The effect of this set off agreement was to reduce both Finco CS Limited's receivable and payable amounts, to and from Finco II Sarl, by EUR 3,333,000.

Subsequent to the Balance Sheet date it was agreed that the amounts owed by group undertakings would be settled or released (see note 22, Post balance sheet events). Note that this post balance sheet event has not been reflected in the accounts for the year ended 31 January 2017.

Impaired receivables are £Nil in the current and prior year.



## FINCO CS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 11. Trade receivables and other debtors (continued)

As at 31 January 2017 amounts receivable of £2,578,000 (2016: £2,479,000) were past due but not impaired. These relate to trading receivable amounts from current Group undertakings. The ageing analysis of these receivables is as follows:

	2017	2016
	Unaudited	Unaudited
	£'000	£'000
less than 3 months	33	190
3 to 6 months	27	49
Over 6 months	2,518	2,240
	<b>2,578</b>	<b>2,479</b>

The carrying amounts of receivables are denominated in the following currencies:

	2017	2016
	Unaudited	Unaudited
	£'000	£'000
GBP	2,338	2,224
EUR	167	945
USD	74	311
	<b>2,579</b>	<b>3,480</b>

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the Balance Sheet date is the fair value of each class of receivables mentioned above. Finco CS does not hold any collateral as security.

#### 12. Trade payables and other creditors

Current:

	2017	2016
	Unaudited	Unaudited
	£'000	£'000
Trade payables	-	258
Amounts owed to group undertakings	12,195	8,398
Accruals	35	16
Social security and other taxes	3	3
	<b>12,233</b>	<b>8,675</b>

Non-current:

	2017	2016
	Unaudited	Unaudited
	£'000	£'000
Amounts owed to group undertakings	43,314	40,727
	<b>43,314</b>	<b>40,727</b>

## FINCO CS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 12. Trade payables and other creditors (continued)

£12,195,000 (2016: £8,398,000) of the amounts owed to group undertakings are repayable on demand and £43,314,000 (2016: £40,727,000) is repayable within four years.

£24,920,000 (2016: £22,095,000) bears interest at a rate of 0.258% p.a., £7,232,000 (2016: £8,735,000) at a rate of 5.258% p.a. and £3,179,000 (2016: £2,818,000) at a rate of 12.4%.

All other amounts owed to group undertakings are non-interest bearing.

During the year, a set off agreement was signed between Finco CS Limited and another group undertaking, Finco II Sarl, with an effective date of 6 February 2015. The effect of this set off agreement was to reduce both Finco CS Limited's receivable and payable amounts, to and from Finco II Sarl, by EUR 3,333,000.

Subsequent to the Balance Sheet date it was agreed that the amounts owed by group undertakings would be settled or released (see note 22, Post balance sheet events). Note that this post balance sheet event has not been reflected in the accounts for the year ended 31 January 2017.

#### 13. Employee benefits

##### *Defined contribution plan*

The Group operates defined contribution pension plans for eligible employees. Contributions are paid by the member and/or the employer at fixed rates. The benefits secured at retirement or death reflects each employee's accumulated fund and the cost of purchasing benefits at that time.

The charge for the year represents the employer's contribution at the Balance Sheet date. The charge to the Income Statement for defined contribution plans was £6,000 (2016: £8,000).

#### 14. Provisions

Estimated fees associated with the Company's wind up and solvent liquidation are £138,000 and have been fully provided for in the current year (2016: €Nil).

Estimated fees associated with a litigation case in relation to Damovo Czech are £30,000 (2016: £25,000) and have been fully provided for.

#### 15. Ordinary shares

	2017	2016
	Unaudited	Audited
	£	£
<b>Authorised</b>		
686,973 Ordinary shares of £1	686,973	686,973
<b>Allotted, called up and fully paid</b>		
686,973 Ordinary shares of £1	686,973	686,973

## FINCO CS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 16. Reserves

The Group's reserves are shown below and reflect the transactions shown in the Income Statement and Statement of Changes in Equity.

	Retained earnings £'000
As at 31 January 2015 (Audited)	(44,408)
Loss for the year	(1,793)
As at 31 January 2016 (Unaudited)	(46,201)
Loss for the year	(6,243)
As at 31 January 2017 (Unaudited)	(52,444)

#### 17. Commitments and contingencies

The Group is a joint guarantor, together with fellow Group undertakings of the EUR 10 million Convertible Loan Notes with repayment date December 31, 2020, all in terms of the New Loan Note Instrument effective from April 17, 2012. In the current year, EUR 1,138,000 of capital and accrued interest was repaid on the EUR 10 million Convertible Loan Notes. Subsequent to the balance sheet date a further EUR 575,000 of capital and accrued interest was repaid on the EUR 10 million Convertible Loan Notes and the remaining capital balance of EUR 7,879,000 was waived following consent from the required Noteholders. See note 22, Post balance sheet events, for further details.

The Group has no other commitments or contingent liabilities at 31 January 2017.

#### 18. Cash (used in) / generated from operations

	Notes	2017 Unaudited £'000	2016 Unaudited £'000
<b>Continuing operations</b>			
Loss before tax		(6,243)	(1,793)
Adjustments for:			
- Depreciation and amortisation	4	-	12
- Currency translation (gain) / loss	4, 6	5,289	708
- Interest expense	6	776	916
Operating cash flows before movement in working capital:		(178)	(157)
- (Increase) / decrease in trade receivables and other debtors		1,014	750
- (Decrease) / Increase in trade payables and other creditors		(789)	(577)
- Increase / (decrease) in provisions		143	(620)
<b>Cash (used in) / generated from operations</b>		<b>190</b>	<b>(604)</b>

## FINCO CS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 19. Related party transactions

	2017	2016
	Unaudited	Unaudited
	£'000	£'000
<b>Group companies</b>		
Sales of services to both fellow and former group companies during the period	104	97
Amounts receivable from other group undertakings	2,578	3,236
Amounts payable to other group undertakings	(55,509)	(49,125)

The Company charged fellow group companies for providing central management services during the year.

Interest income and expense from related party transactions is disclosed at note 6, 'Finance costs'.

#### Directors' and key management remuneration

The remuneration of the directors and key management is set out in note 7 'Staff costs' and note 8 'Directors' remuneration'.

#### 20. Investments in subsidiary undertakings

			31 January 2017	31 January 2016
	Country of incorporation	% owned	Carrying value £'000	Carrying value £'000
			Unaudited	Unaudited
Finco UK II Limited	UK	100%	-	-
<b>Total</b>			-	-

Finco UK II Limited is 100% owned and consolidated in the financial statements.

The Company investment in Finco UK II Limited (previously known as Damovo UK Finance II Limited) is 2,188,057 ordinary shares of £1 each.

The principal activity of Finco UK II Limited is to lend finance to, and borrow finance from, other group companies.

#### 21. Ultimate parent undertaking

The ultimate parent undertaking at 31 January 2017 was DGHL Limited, a Cayman Islands based company.

#### 22. Post balance sheet events

On 13 February 2017, the Group made an aggregate cash payment of capital and accrued interest of EUR 575,000 to Convertible Loan Noteholders. Prior to this, the Group had received the necessary consents from Noteholders meaning that this payment represented the final amount to be paid on the Convertible Notes and the remaining outstanding balance of the Convertible Loan Notes was released immediately following this payment.

On 14 March 2017, agreement was reached between Finco CS Limited, Finco UK II Limited, Finco I S.à.r.l., Finco II S.à r.l., Finco Holdings S.à r.l. and DGHL Limited to settle or release various outstanding intercompany debts, including the Profit Participating Loans, ensuring that each company involved would remain or become solvent once all the steps to the agreement were implemented. The effects of this agreement have not been reflected in these accounts.