Gradus Group Holdings Limited

Directors' report and financial statements
Registered number 05982856
Year ended 31 December 2018

Contents

Company Information

Directors

SA Watt
EJM Phelippeau
PDM Puech
PM Lienhard
PDD Convers
JJ Collier (Appointed 18 June 2018)

Secretary
JJ Collier

Registered Office

3rd Floor
1 Ashley Road
Altrincham
WA14 2DT
United Kingdom

Auditor

Mazars LLP
45 Church Street
Birmingham
B3 2RT

Bankers

Bank of Scotland
PO Box 1000
BX2 1LB

Company Number

05982856

Directors' Report

Principal activities

The principal activity of the Company is that of a holding company.

Business Review

The profit after tax for the year amounted to £2,976,276 (2017: loss of £362,755).

Proposed dividend

The directors do not recommend the payment of a dividend (2017: £nil).

Brexit

We have considered the potential impact of Brexit on the Company and whilst there may be significant effects for the wider economy which could in turn affect the Company's performance, we have not identified any specific risk that is material enough to require further disclosure here.

Directors

The directors who held office during the period were as follows:

SA Watt
EJM Phelippeau
PDM Puech
PM Lienhard
PDD Convers
JJ Collier

Qualifying third party indemnity provisions

Appropriate directors' and officers' liability insurance cover is in place in respect of all the Company's directors.

Political and charitable contributions

The Company did not make any political or charitable donations during the year (2017: £nil).

Disclosure of information to auditor

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

Auditor

The auditor, Mazars LLP, has indicated their willingness to continue in office and a resolution that they will be reappointed will be proposed at the annual general meeting.

Small company exemption

This report has been prepared in accordance with the special provisions applicable to companies subject to the small company's regime within part 15 of the Companies Act 2006. Under these provisions the Directors have chosen not to produce a Strategic Report.

By order of the board.

JJ Collier
Secretary

Date: 16th May 2019

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction.

Independent auditor's report to the members of Gradus Group Holdings Limited

Opinion

We have audited the financial statements of Gradus Group Holdings Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- 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.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 2.

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit 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 Holder (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street
Birmingham
B3 2RT

Date: 21 May 2019

Statement of Comprehensive Income

for the year ended 31 December 2018

	Note	2018 £	2017 £
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		**(53,477)**	(53,526)
Operating loss		**(53,477)**	(53,526)
Net financial expenses	*4*	**(285,777)**	(309,229)
Intercompany balance write off	*5*	**3,315,530**	-
Profit / (loss) before tax	*2*	**2,976,276**	(362,755)
Taxation	*6*	-	-
Profit / (loss) for the financial year and total comprehensive income		**2,976,276**	(362,755)

The results shown above are derived entirely from continuing operations.

The company had no recognised gains or losses other than the loss for the financial year as set out above.

The notes on pages 11 to 24 form part of these financial statements.

Statement of Financial Position
at 31 December 2018

	Note	2018	2017
		£	£
Non-current assets			
Property, plant and equipment	*7*	**1,760,590**	1,813,990
Investments in subsidiaries	*8*	**43,905,437**	43,905,437
		45,666,027	45,719,427
Current assets			
Trade and other receivables	*9*	-	25,722,957
Cash and cash equivalents		**25,216**	25,194
		25,216	25,748,151
Total assets		**45,691,243**	71,467,578
Current liabilities			
Trade and other payables	*10*	**(47,428,366)**	(75,180,977)
		(47,428,366)	(75,180,977)
Non-current liabilities			
Interest-bearing loans and borrowings	*11*	**(7,500,000)**	(8,500,000)
Total liabilities		**(54,928,366)**	(83,680,977)
Net liabilities		**(9,237,123)**	(12,213,399)
Equity			
Share capital	*13*	**843,090**	843,090
Share premium account		**23,453,505**	23,453,505
Retained earnings		**(33,533,718)**	(36,509,994)
Total equity		**(9,237,123)**	(12,213,399)

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These financial statements were approved by the board of directors on 16 May 2019 and were signed on its behalf by:

SA Watt
Director

Registered number: 05982856

The notes on pages 11 to 24 form part of these financial statements.

Statement of Changes in Equity

	Share capital £	Share premium £	Retained earnings £	Total equity £
Balance at 1 January 2017	843,090	23,453,505	(36,147,239)	(11,850,644)
Loss for the year	-	-	(362,755)	(362,755)
Total comprehensive income for the year	-	-	(362,755)	(362,755)
Balance at 31 December 2017	**843,090**	**23,453,505**	**(36,509,994)**	**(12,213,399)**
Balance at 1 January 2018	843,090	23,453,505	(36,509,994)	(12,213,399)
Profit for the year	-	-	2,976,276	2,976,276
Total comprehensive income for the year	-	-	2,976,276	2,976,276
Balance at 31 December 2018	**843,090**	**23,453,505**	**(33,533,718)**	**(9,237,123)**

The notes on pages 11 to 24 form part of these financial statements.

Statement of Cash Flows
for the year ended 31 December 2018

	Note	**2018**	2017
		£	£
Cash flows from operating activities			
Profit/(Loss) before taxation		**2,976,276**	(362,755)
Adjustments for:			
Net finance costs		**285,777**	309,229
Depreciation charges		**53,400**	53,400
Operating cash flows before working capital changes		**3,315,453**	(126)
Decrease in receivables from group undertakings		**25,722,957**	-
(Decrease) / Increase in amounts due to group undertakings		**(27,747,833)**	2,835,149
Cash generated by operations		**1,290,577**	2,835,023
Interest paid		**(290,555)**	(334,621)
Net cash provided by operating activities		**1,000,022**	2,500,402
Cash flows from financing activities			
Repayment of intercompany borrowings	*15*	**(1,000,000)**	(2,500,000)
Net cash used in financing activities		**(1,000,000)**	(2,500,000)
Net increase in cash and cash equivalents		**22**	402
Cash and cash equivalents at 1 January		**25,194**	24,792
Cash and cash equivalents at 31 December		**25,216**	25,194

The notes on pages 11 to 24 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

1.1 Basis of preparation

Gradus Group Holdings Limited (the "Company") is a company incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 Going concern

The company has generated a profit after taxation of £2,976.276 in the year but has net liabilities of £9,237,123 as at 31 December 2018. The company is dependent upon support from its ultimate parent company (Topfloor SAS). The ultimate parent company (Topfloor SAS) has confirmed financial support to the company and consequently the accounts have been prepared on a going concern basis.

1.3 Foreign currencies

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

1.4 Financing income and expenses

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.5 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 the net profits as reported in the Statement of Comprehensive Income because it excludes items of income and 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 reporting 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 temporary differences and deferred tax assets are recognised to the extent that it is probable that the 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 tax profit nor the accounting profit.

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or at least realised based on the tax rates that have been enacted or substantively enacted at the reporting date. 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.

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- buildings 2.9% per annum

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.7 Dividends on shares presented within equity

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

1.8 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Financial assets are recognised in the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus directly attributable transaction costs. All financial assets are classified as financial assets at amortised cost if the assets comprise assets held within a business model whose objective is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest.

After initial recognition, financial assets at amortised cost are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss on financial assets at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

The company makes an estimate of the recoverable value of trade receivables and other receivables. When assessing impairment of trade and other receivables, management considers factors including the ageing profile of receivables and historical experience. The company applies the IFRS 9 simplified approach to

Notes *(continued)*

1 Accounting policies *(continued)*

1.8 Non-derivative financial instruments (continued)

measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other receivables.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.9 Revenue

The Company's principal activity is that of a holding company. As a result it does not generate revenue in the normal course of business.

1.10 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Company's accounting policies described above, management has made the following judgements that have significant effects on the amounts recognised in the financial statements (apart from those involving estimates, which are dealt with in the following paragraphs).

Provisions and accruals

Management bases its judgements on the circumstances relating to each specific event and upon currently available information. However, given the inherent difficulties in estimating liabilities in these areas, it cannot be guaranteed that additional costs will not be incurred beyond the amounts accrued.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of accounts receivable

An estimate of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Standards, amendments and interpretations adopted in the current financial year

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the Company's financial statements:

	EU effective date – periods beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 4 Insurance Contracts: Amendment in relation to applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
Annual Improvements to IFRSs (2014 - 2016)	1 January 2018

Standards, amendments and interpretations in issue but not yet effective

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Company's financial statements.

	EU effective date – periods beginning on or after
IAS 19 Employee Benefits: Amendment in relation to plan amendment, curtailment or settlement	1 January 2019
IAS 28 Investments in Associates and Joint Ventures: Amendment in relation to Long-term interests in Associates and Joint Ventures	1 January 2019
IFRS 9 Financial Instruments: Amendment in relation to Prepayment features with negative compensation	1 January 2019
IFRS 16 Leases	1 January 2019
Annual Improvements to IFRSs (2015 - 2017)	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019

Standards, amendments and interpretations cannot be adopted in the EU until they have been EU-endorsed.

There is no material impact anticipated from transition to the standards and amendments listed above.

The Company has decided not to early adopt these new standards.

Notes *(continued)*

2 Profit / (loss) before tax

	2018	2017
	£	£
Profit / (loss) on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	**53,400**	53,400

Auditor's remuneration

	2018	2017
	£	£
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of these financial statements	**-**	-

The cost of audit for the current and prior year was borne by Gradus Limited.

3 Remuneration of directors

In the current year, none of the directors received any remuneration from the Company in respect of their services during the year. Certain directors who served during the year are also directors of the parent company or a fellow subsidiary company, and are remunerated by those companies. Although they receive remuneration from those companies in respect of their services to various group companies, including this company, it is not practicable to allocate their remuneration to individual companies in the group. Therefore, their remuneration has been disclosed in the financial statements of the relevant company from which remuneration is received.

Notes *(continued)*

4 Finance income and expense

	2018 £	2017 £
Interest received	**(99)**	(528)
Interest on loans from group undertakings	**285,876**	309,757
Net finance expense	**285,777**	309,229

5 Intercompany balance write off

During the previous year the Directors took the decision to rationalise the UK group structure and commenced a liquidation process in respect of certain non-trading/dormant subsidiaries. The liquidation process finalised in 2018, with an impact on intercompany balances resulting in a credit to the company's Statement of Comprehensive Income during the year of £3,315,530.

6 Taxation

	2018 £	2017 £
UK corporation tax		
Current tax on result for the year	-	-
Deferred tax		
Total deferred tax	-	-
Tax on profit/loss on ordinary activities	-	-

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2017: higher) than the standard rate of corporation tax in the UK 19% (2017: 19.25%). The differences are explained below.

	2018 £	2017 £
Current tax reconciliation		
Profit/(Loss) on ordinary activities before tax	**2,976,276**	(362,755)
Current tax at 19% (2017: 19.25%)	**565,492**	(69,830)
Effects of:		
Expenses not deductible for tax purposes	**4,887,362**	10,279
Income not taxable for tax purposes	**(5,517,313)**	-
Group relief not paid for	**54,312**	59,551
Fixed asset differences	**10,147**	-
Total current tax charge (see above)	-	-

Notes *(continued)*

Factors affecting the tax charge for future years

There are trading losses carried forward of £5,974,696 (2017: £5,974,696) subject to agreement with HM Revenue & Customs. No deferred tax asset in respect of those losses has been recognised as there is insufficient evidence that the asset will be recoverable.

7 Property Plant & Equipment

	Land and buildings £	**Total** £
Cost		
Balance at 1 January 2018	1,867,390	1,867,390
Additions	-	-
Balance at 31 December 2018	1,867,390	1,867,390
Depreciation		
Balance at 1 January 2018	(53,400)	(53,400)
Charge for year	(53,400)	(53,400)
Balance at 31 December 2018	(106,800)	(106,800)
Net book value		
At 31 December 2018	**1,760,590**	**1,760,590**
At 31 December 2017	1,813,990	1,813,990

Notes *(continued)*

8 Investments in subsidiaries

	Shares in group undertakings £
Cost	
Balance at 1 January 2018	43,905,437
Additions	-
Balance at 31 December 2018	43,905,437
Provisions for impairment	
Balance at 1 January 2018 and 31 December 2018	-
Net book value	
At 31 December 2018	**43,905,437**
At 31 December 2017	43,905,437

Notes *(continued)*

8 Investments in subsidiaries (continued)

The undertakings in which the company's interest at the year-end is more than 20% are as follows:

	Country of incorporation	**Principal activity activity**	**Class and percentage of shares held Company**
Subsidiary undertakings			
Direct holding			
Gradus Limited	England and Wales	Manufacturer of stair edgings, floor trims and associated products	100% ordinary shares

The aggregate of the share capital and reserves as at 31 December 2018 and of the profit for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves (£)	**Profit/(Loss)**
Gradus Limited	55,924,164	13,124,748

Notes *(continued)*

9 Trade and other receivables

	2018	2017
	£	£
Amounts owed by group undertakings	-	25,722,957

10 Trade and other payables

	2018	2017
	£	£
Current		
Amounts owed to group undertakings	**47,345,928**	75,093,761
Accruals and other creditors	**82,438**	87,216
	47,428,366	75,180,977
Non-current		
Amounts owed to group undertakings	**7,500,000**	8,500,000

11 Interest-bearing loans and borrowings

	2018	2017
	£	£
Non-current liabilities		
Amounts owed to group undertakings	**7,500,000**	8,500,000
	7,500,000	8,500,000
Current liabilities		
Amounts owed to group undertakings	**1,000,000**	1,000,000
	8,500,000	9,500,000

	Loans 2018	Loans 2017
	£	£
Debt can be analysed as falling due:		
In one year or less, or on demand	**1,000,000**	1,000,000
Between one and two years	**1,000,000**	1,000,000
Between two and five years	**4,000,000**	4,000,000
Over five years	**2,500,000**	3,500,000
	8,500,000	9,500,000

Notes *(continued)*

12 Deferred taxation

The company has unrecognised deferred tax assets of £999,022 (2017: £1,015,698) in respect of tax losses.

13 Called up share capital

	2018	2017
	£	£
Authorised, allotted, called up and fully paid		
Ordinary shares 485,555,000 (2017: 485,555,000) of £0.001 each	485,555	485,555
'A' ordinary shares 120,631,000 (2017: 120,631,000) of £0.001 each	120,631	120,631
Deferred shares 138,806,230 (2017: 138,806,230) of £0.001 each	138,806	138,806
Preference shares 98,097,850 (2017 : 98,097,850) of £0.001 each	98,098	98,098
	843,090	843,090

The Ordinary, 'A' ordinary, deferred and preference shares are all non-redeemable and the following rights attach to them:

i. The right to vote;

ii. The right to a dividend (including on a winding up), and;

iii. Right to a distribution on a winding up.

14 Pension scheme

Defined contribution pension scheme

The Company is party to group defined contribution pension scheme arrangements for certain personnel. The benefits are at all times restricted to those which can be paid from the assets of the schemes. The assets of the schemes are held separately from the company in independently administered funds.

The costs of this scheme are borne by Gradus Limited.

Notes *(continued)*

15 Notes to the Statement of Cash Flows

Changes in liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.

	1 January 2018	Financing cash flows	31 December 2018
	£	£	£
Amounts owed to group undertakings (note 11)	9,500,000	(1,000,000)	8,500,000

16 Financial instruments, risk management objectives, and policies

The Company's assets and liabilities include the following financial instruments:

Cash and cash equivalents
Amounts due to / from other group companies
Bank loans
Investments in subsidiaries
Other receivables
Other payables

The Company's use of financial instruments exposes it to a variety of financial risks such as credit risk, market risk, and liquidity risk. The company continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The significant risks that the company is exposed to are discussed below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. The company does not trade and so credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the company may not be able to meet its funding requirements. The Company manages its risk by monitoring on a regular basis that sufficient funds are available to meet maturing obligations.

Market risk

Market risk, comprising price risk, interest rate risk, and currency risk arises due to movements in market prices of assets, interest rates, and foreign currency rates. The company manages market risk by setting limits on exposures to investments, currency and counterparties and transacting business in other major currencies with counterparties of repute.

Fair values

Fair value of a financial instrument is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. Fair values of the above financial instruments are not materially different from their book values.

Notes *(continued)*

17 Ultimate parent company and controlling party

The Company is a subsidiary undertaking of Midfloor SAS, a company registered in France. The ultimate parent company and controlling party is Topfloor SAS a company registered in France. The consolidated financial statements for the group may be obtained from the parent company's registered office; 50, Cours de Ia Republique, Villeurbanne, 69100, France.

18 Related parties

The following tables provide the total amount of transactions that have been entered into with group undertakings for the relevant financial year:

	Income from related parties	
	2018	2017
	£	£
Gradus Limited	**-**	-
	-	-

	Loans from related parties – interest paid	
	2018	2017
	£	£
Midfloor SAS	**(285,876)**	(309,757)
	(285,876)	(309,757)

The following amounts were outstanding at the balance sheet date:

	Amounts owed by related parties	
	2018	2017
	£	£
Gradus Group Holdings No.1 Limited	**-**	25,722,957
	-	25,722,957

Notes *(continued)*

18 Related parties (continued)

	Amounts owed to related parties	
	2018	2017
	£	£
Gradus Limited	**(46,345,928)**	(45,055,274)
Gradus Group Holdings No.2 Limited	-	(28,999,063)
Gradus Group Limited	-	(39,424)
	(46,345,928)	(74,093,761)

	Loans from related parties	
	2018	2017
	£	£
Midfloor SAS	**(8,500,000)**	(9,500,000)
	(8,500,000)	(9,500,000)

The loan from Midfloor SAS is denominated in Sterling and has a principal value of £15,067,925. The amount owed in the above table is the year-end balance made up of the principal value and outstanding interest balance. The loan is provided on an interest only basis at a rate equal to index of the LIBOR plus 250 basis points. The loan was taken out on 30 October 2015 and has a maturity date of 15 September 2030. The Company has not pledged any of its assets as security for this loan.