

Registered number: 10244316

2R Capital Limited
Report And Financial Statements
31 December 2018

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Rees Pollock
Chartered Accountants

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COMPANY INFORMATION

Directors	Massimo Acquaviva Vincenzo Maio
Registered number	10244316
Registered office	5th Floor Berkeley Square House Berkeley Square London W1J 6BY

GROUP STRATEGIC REPORT
For the Year Ended 31 December 2018

Introduction

2R Capital Limited is an independent asset management firm focussed on long-only and alternative investment strategies in Europe. Our equities business is based in London while our credit strategies are mainly carried out from our Milan office.

Business review

In August 2018 we obtained our FCA licence and have started to assemble the team and the resources necessary to implement our investment strategy. Our consultancy business has helped our clients deploy over Eur 500 million in the acquisition of multiple types of illiquid receivables.


Principal risks and uncertainties

We see the current environment of low rates across Europe as the single most important risk factor for our investing and consulting businesses. A return to a more conventional situation will most likely contribute to an increased number of investment opportunities.

Financial key performance indicators

In the course of 2018, we have been able to increase the net assets of the group by over 30%, thereby continuing to deliver for our shareholders. Given the size of the business, no further KPI's are deemed necessary.

This report was approved by the board on 24 April 2019 and signed on its behalf.


Massimo Acquaviva
Director

DIRECTORS' REPORT
For the Year Ended 31 December 2018

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year were:

Massimo Acquaviva
Vincenzo Maio

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 31 December 2018

Auditors

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

This report was approved by the board on 24 April 2019 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'Massimo Acquaviva', is written over the printed name and title.

Massimo Acquaviva
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF 2R CAPITAL LIMITED

Opinion

We have audited the financial statements of 2R Capital Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF 2R CAPITAL LIMITED (CONTINUED)

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Group Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF 2R CAPITAL LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Philip Vipond (Senior Statutory Auditor)

for and on behalf of

Rees Pollock, Statutory Auditors

35 New Bridge Street

London

EC4V 6BW

24 April 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2018


	2018 €	2017 €
Turnover	6,045,580	6,450,123
Cost of sales	(3,296,362)	(3,686,744)
Gross profit	2,749,218	2,763,379
Administrative expenses	(555,039)	(516,149)
Other operating income	531,916	2,461,176
Operating profit	2,726,095	4,708,406
Amounts written off investments	(101,706)	20,568
Interest receivable and similar income	14,630	37,536
Interest payable and expenses	(24,969)	(487,918)
Other finance income	-	2,893,956
Profit before taxation	2,614,050	7,172,548
Tax on profit	(857,285)	(1,328,190)
Profit for the financial year	1,756,765	5,844,358
Currency translation differences	44,318	187,445
Other comprehensive income for the year	44,318	187,445
Total comprehensive income for the year	1,801,083	6,031,803
Profit for the year attributable to:		
Owners of the parent Company	1,756,765	5,844,358
Total comprehensive income for the year attributable to:		
Owners of the parent Company	1,801,083	6,031,803

The notes on pages 15 to 25 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
As at 31 December 2018

	Note	2018 €	2017 €
Fixed assets			
Tangible assets	11	78,677	67,392
Current assets			
Debtors: amounts falling due within one year	13	4,787,770	5,911,940
Current asset investments	14	461,755	558,721
Bank and cash balances		16,296,688	17,945,867
		<u>21,546,213</u>	<u>24,416,528</u>
Creditors: amounts falling due within one year	15	(3,121,768)	(5,729,302)
Net current assets		<u>18,424,445</u>	<u>18,687,226</u>
Total assets less current liabilities		<u>18,503,122</u>	<u>18,754,618</u>
Creditors: amounts falling due after more than one year	16	(10,697,420)	(12,749,999)
Provisions for liabilities			
Net assets		<u>7,805,702</u>	<u>6,004,619</u>
Capital and reserves			
Called up share capital		55,581	55,581
Profit and loss account		7,750,121	5,949,038
Equity attributable to owners of the parent Company		<u>7,805,702</u>	<u>6,004,619</u>
		<u>7,805,702</u>	<u>6,004,619</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 April 2019.

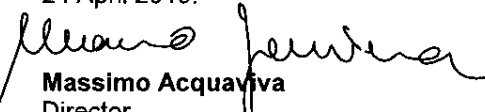

Massimo Acquaviva
Director

The notes on pages 15 to 25 form part of these financial statements.

COMPANY BALANCE SHEET
As at 31 December 2018

	Note	2018 €	2017 €
Fixed assets			
Investments	12	1,200,000	1,906,148
Current assets			
Debtors: amounts falling due after more than one year	13	8,934,685	11,706,092
Debtors: amounts falling due within one year	13	59,479	8,385
Bank and cash balances		7,064,957	1,731,116
		<u>16,059,121</u>	<u>13,445,593</u>
Creditors: amounts falling due within one year	15	(504,574)	(868,647)
Net current assets		<u>15,554,547</u>	<u>12,576,946</u>
Total assets less current liabilities		<u>16,754,547</u>	<u>14,483,094</u>
Creditors: amounts falling due after more than one year	16	(10,697,420)	(12,749,999)
Net assets		<u><u>6,057,127</u></u>	<u><u>1,733,095</u></u>
Capital and reserves			
Called up share capital	18	55,581	55,581
Profit and loss account		6,001,546	1,677,514
		<u><u>6,057,127</u></u>	<u><u>1,733,095</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 April 2019.


Massimo Acquaviva
Director

The notes on pages 15 to 25 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	€	€	€
At 1 January 2018	55,581	5,949,038	6,004,619
Comprehensive income for the year			
Profit for the year	-	1,756,765	1,756,765
Currency translation differences	-	44,318	44,318
Total comprehensive income for the year	-	1,801,083	1,801,083
At 31 December 2018	55,581	7,750,121	7,805,702

The notes on pages 15 to 25 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2017

	Called up share capital	Profit and loss account	Total equity
	€	€	€
At 1 January 2017	55,581	(82,765)	(27,184)
Comprehensive income for the year			
Profit for the year	-	5,844,358	5,844,358
Currency translation differences	-	187,445	187,445
At 31 December 2017	55,581	5,949,038	6,004,619

The notes on pages 15 to 25 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	€	€	€
At 1 January 2018	55,581	1,677,514	1,733,095
Comprehensive income for the year			
Profit for the year	-	4,253,632	4,253,632
Currency translation differences	-	70,400	70,400
Total comprehensive income for the year	-	4,324,032	4,324,032
At 31 December 2018	55,581	6,001,546	6,057,127

The notes on pages 15 to 25 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2017

	Called up share capital	Profit and loss account	Total equity
	€	€	€
At 1 January 2017	55,581	4,796	60,377
Comprehensive income for the year			
Profit for the year	-	1,727,243	1,727,243
Currency translation differences	-	(54,525)	(54,525)
Total comprehensive income for the year	-	1,672,718	1,672,718
At 31 December 2017	55,581	1,677,514	1,733,095

The notes on pages 15 to 25 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2018

	2018 €	2017 €
Cash flows from operating activities		
Profit for the financial year	1,756,765	5,844,358
Adjustments for:		
Other finance income	-	(2,893,956)
Amounts written off investments	101,706	(20,568)
Depreciation of tangible assets	43,253	5,098
Interest paid	24,969	487,918
Interest received	(14,630)	(37,536)
Taxation charge	857,285	1,328,190
Decrease in debtors	1,089,740	3,338,416
(Decrease)/increase in creditors	(271,370)	531,587
Corporation tax (paid)	(1,640,515)	(1,096,205)
Net cash generated from operating activities	1,947,203	7,487,302
Cash flows from investing activities		
Purchase of tangible fixed assets	(54,538)	(47,553)
Purchase of short term unlisted investments	(4,740)	134,918
Interest received	14,630	37,536
Net cash from investing activities	(44,648)	124,901
Cash flows from financing activities		
Repayment of loans	(1,062,930)	(195,119)
Repayment of bonds	(2,052,579)	(3,988,603)
Interest paid	(436,225)	(2,918,067)
Net cash used in financing activities	(3,551,734)	(7,101,789)
Net (decrease)/increase in cash and cash equivalents	(1,649,179)	510,414
Cash and cash equivalents at beginning of year	17,945,867	17,435,453
Cash and cash equivalents at the end of year	16,296,688	17,945,867
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	16,296,688	17,945,867

The notes on pages 15 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

1. General information

2R Capital Limited is a private company limited by shares, incorporated in the UK and registered in England and Wales.

The company's registered address is 5th Floor Berkeley Square House, Berkeley Square, London W1J 6BY.

The principal activity of the company during the year was that of a holding company. The principal activity of the group during the year was that of investment.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Euros.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Euros at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

2.6 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Office equipment	- 3 years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Other investments are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

2. Accounting policies (continued)

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Provisions for liabilities

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

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

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

2.14 Financial instruments

Basic financial assets and liabilities are initially measured at transaction price. Such assets and liabilities are subsequently carried at amortised cost using the effective interest rate method. At the end of each reporting period financial assets measured at amortised cost are assessed for evidence of impairment and any impairment losses are recognised in the consolidated statement of comprehensive income.

Non-basic financial instruments are measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2018

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the Group's accounting policies, the directors have been required to estimate the market values of the Group's illiquid non-basic financial instruments. These instruments include participation rights in bankruptcy proceedings and bonds on which the interest payable is calculated based on the amounts recovered in relation to those participation rights. The directors have concluded that, except where there is persuasive evidence otherwise, that cost is the best estimate of fair value of the participation rights and that the fair value of the bonds is best estimated through an analysis of the values of and recoveries from the underlying investments.

4. Operating profit

The operating profit is stated after charging:

	2018 €	2017 €
Exchange differences	28,107	(14,369)
Other operating lease rentals	103,786	97,958
	<u>103,786</u>	<u>97,958</u>

5. Auditors' remuneration

	2018 €	2017 €
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

Fees payable to the Group's auditor and its associates in respect of:

Taxation compliance services	2,000	2,000
All other services	1,000	1,000
	<u>3,000</u>	<u>3,000</u>

6. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2018 No.	Group 2017 No.	Company 2018 No.	Company 2017 No.
Administrative staff	4	4	1	1
	<u>4</u>	<u>4</u>	<u>1</u>	<u>1</u>

7. Directors remuneration

The directors received emoluments of €1,500,000 for the year from the group, of which €975,000 was attributable to the highest paid director.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018
8. Interest receivable

	2018 €	2017 €
Other interest receivable	14,630	37,536

9. Interest payable and similar expenses

	2018 €	2017 €
Bank interest payable	10,366	-
Other loan interest payable	14,603	487,918
	<u>24,969</u>	<u>487,918</u>

10. Taxation

	2018 €	2017 €
Corporation tax		
Current tax on profits for the year	32,692	-
Foreign tax		
Foreign tax on income for the year	763,860	1,584,569
Total current tax	<u>796,552</u>	<u>1,584,569</u>
 Origination and reversal of timing differences	 60,733	 (256,379)
Taxation on profit on ordinary activities	<u>857,285</u>	<u>1,328,190</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from (2017 - differs from) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	2018 €	2017 €
Profit on ordinary activities before tax	<u>2,614,050</u>	<u>7,172,548</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	496,670	1,362,784
Effects of:		
Adjustments to tax charge in respect of prior periods	32,692	-
Profits of overseas subsidiaries charged at different rates	327,923	(34,594)
Total tax charge for the year	<u><u>857,285</u></u>	<u><u>1,328,190</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018
11. Tangible fixed assets**Group**

	Office equipment €
Cost or valuation	
At 1 January 2018	127,077
Additions	54,538
At 31 December 2018	<u>181,615</u>
Depreciation	
At 1 January 2018	59,685
Charge for the year on owned assets	43,253
At 31 December 2018	<u>102,938</u>
Net book value	
At 31 December 2018	<u><u>78,677</u></u>
<i>At 31 December 2017</i>	<u><u>67,392</u></u>

12. Fixed asset investments**Company**

	Investments in subsidiary companies €
Cost or valuation	
At 1 January 2018	1,906,148
Disposals	(706,148)
At 31 December 2018	<u><u>1,200,000</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018
13. Debtors

	Group 2018 €	Group 2017 €	Company 2018 €	Company 2017 €
Amounts owed by group undertakings	-	-	8,934,685	11,706,092
	Group 2018 €	Group 2017 €	Company 2018 €	Company 2017 €
Trade debtors	1,830,329	1,583,938	-	-
Amounts owed by group undertakings	-	-	33,400	-
Other debtors	2,688,204	4,031,421	7,271	7,421
Prepayments and accrued income	57,025	23,636	18,808	964
Deferred taxation	212,212	272,945	-	-
	4,787,770	5,911,940	59,479	8,385

14. Current asset investments

	Group 2018 €	Group 2017 €
Unlisted investments	461,755	558,721

15. Creditors: Amounts falling due within one year

	Group 2018 €	Group 2017 €	Company 2018 €	Company 2017 €
Bank loans	739,602	1,802,532	-	-
Accrued interest on bonds	20,040	431,296	20,040	431,296
Trade creditors	997,653	968,189	6,999	5,857
Corporation tax	63,485	881,145	-	-
Other taxation and social security	8,342	10,119	350	1,742
Other creditors	1,246,890	1,616,692	431,731	410,423
Accruals and deferred income	45,756	19,329	45,454	19,329
	3,121,768	5,729,302	504,574	868,647

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2018

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

	Group 2018 €	<i>Group 2017 €</i>	Company 2018 €	<i>Company 2017 €</i>
Bonds	<u>10,697,420</u>	<i><u>12,749,999</u></i>	<u>10,697,420</u>	<i><u>12,749,999</u></i>

The bonds are due for repayment on 31 December 2022. They bear interest at a rate determined with reference to the performance of the investments made by the group out of their issue proceeds. They have limited rights of recourse.

Group

	Group 2018 €	<i>Group 2017 €</i>
Timing differences on investments	212,212	<i>272,945</i>

	2018 €	2017 €
Allotted, called up and fully paid		
5,010,000 (2017 - 5,010,000) Ordinary shares of £ 0.01 each	55,581	55,581

During the year interest of €2,000 (2017: €4,327) was payable in respect of loans from directors. At the balance sheet date the amounts outstanding in respect of these loans was €202,504 (2017: €200,900).