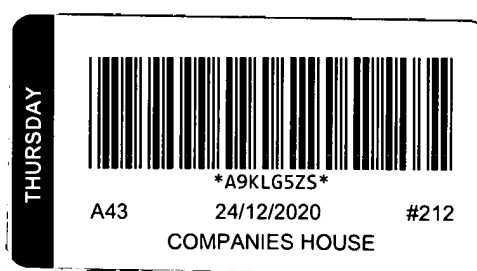


## **2R Capital Investment Management Limited**

Report And Financial Statements

*31 December 2019*

Rees Pollock  
Chartered Accountants



## 2R Capital Investment Management Limited

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### COMPANY INFORMATION

<b>Directors</b>	Massimo Acquaviva Vincenzo Maio
<b>Registered number</b>	10244316
<b>Registered office</b>	5th Floor 2 Queen Anne's Gate Buildings Dartmouth Street London SW1H 9BP
<b>Independent auditors</b>	Rees Pollock 35 New Bridge Street London EC4V 6BW

**GROUP STRATEGIC REPORT**  
**For the Year Ended 31 December 2019**

**Introduction**

2R Capital Investment Management Limited is an independent asset management firm focused 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 2019 we have created our investment team and started to deploy capital. Our consultancy business has helped our clients deploy over Euro 500 million in the acquisition of multiple types of liquid receivables.

**Principal risks and uncertainties**

We see the current global health crisis as the single most important risk factor for our investing and consulting business. A return to a more conventional situation will most likely contribute to an increased number of investment opportunities.

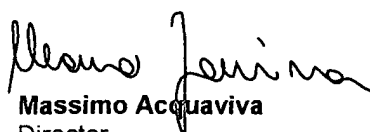
**Financial key performance indicators**

In the course of 2019, we have been able to increase the net assets of the group by over 10%, thereby continuing to deliver for our shareholders. Given the size of the business, no further KPI's are deemed necessary.

**Directors' statement of compliance with duty to promote the success of the Group**

In compliance with s172(1) of the Companies Act 2006, the Directors maintain transparent communication with the Company's stakeholders including its employees and suppliers taking the interests of all into account, without bias, when committing to long term corporate decisions. The Company has a very small workforce and a small number of suppliers and therefore the Directors are able to foster strong business relationships and through personal involvement and to consider the impacts of decisions on stakeholders on an individual basis. The maintenance of high standards in every aspect of operations, including stakeholder transparency and business conduct is considered a priority by the Directors of the Company.

This report was approved by the board on 21/04/2020 and signed on its behalf.

  
**Massimo Acquaviva**  
Director

**DIRECTORS' REPORT**

**For the Year Ended 31 December 2019**

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

**Directors**

The directors who served during the year were:

Massimo Acquaviva  
Vincenzo Maio

**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.

**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.

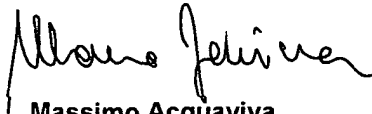
**Auditors**

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

**DIRECTORS' REPORT (CONTINUED)**  
**For the Year Ended 31 December 2019**

This report was approved by the board on 21/04/2020

and signed on its behalf.



**Massimo Acquaviva**  
Director

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

**Opinion**

We have audited the financial statements of 2R Capital Investment Management Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Group Statement of comprehensive income, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity 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 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 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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](http://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 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 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**  
Chartered Accountants  
Statutory Auditor

35 New Bridge Street  
London  
EC4V 6BW

24 April 2020



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the Year Ended 31 December 2019**

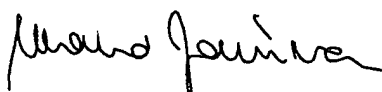
	Note	2019 €	2018 €
Turnover		6,577,746	6,045,580
Cost of sales		(3,115,986)	(3,296,362)
<b>Gross profit</b>		<b>3,461,760</b>	<b>2,749,218</b>
Administrative expenses		(759,783)	(555,039)
Other operating income		506,872	531,916
<b>Operating profit</b>		<b>3,208,849</b>	<b>2,726,095</b>
Fair value adjustments		1,762,375	-
Revaluations of short term investments		32,811	(101,706)
Interest receivable and similar income		100,374	14,630
Interest payable and expenses		(41,009)	(24,969)
<b>Profit before tax</b>		<b>5,063,400</b>	<b>2,614,050</b>
Tax on profit		(1,030,954)	(857,285)
<b>Profit for the financial year</b>		<b>4,032,446</b>	<b>1,756,765</b>
<b>Other comprehensive income for the year</b>			
Currency translation differences		(17,247)	44,318
<b>Other comprehensive income for the year</b>		<b>(17,247)</b>	<b>44,318</b>
<b>Total comprehensive income for the year</b>		<b>4,015,199</b>	<b>1,801,083</b>
<b>Profit for the year attributable to:</b>			
Owners of the parent company		4,032,446	1,756,765
		<b>4,032,446</b>	<b>1,756,765</b>
<b>Total comprehensive income attributable to:</b>			

The notes on pages 15 to 26 form part of these financial statements.

**CONSOLIDATED BALANCE SHEET**  
**As at 31 December 2019**

	Note	2019 €	2018 €
<b>Fixed assets</b>			
Tangible assets	9	131,001	78,677
		<u>131,001</u>	<u>78,677</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	4,716,094	4,787,770
Current asset investments	12	54,547	461,755
Cash at bank and in hand		18,956,891	16,296,688
		<u>23,727,532</u>	<u>21,546,213</u>
Creditors: amounts falling due within one year	13	(3,102,587)	(3,121,768)
<b>Net current assets</b>		<u>20,624,945</u>	<u>18,424,445</u>
<b>Total assets less current liabilities</b>		<u>20,755,946</u>	<u>18,503,122</u>
Creditors: amounts falling due after more than one year	14	(8,935,045)	(10,697,420)
<b>Provisions for liabilities</b>			
<b>Net assets</b>		<u>11,820,901</u>	<u>7,805,702</u>
<b>Capital and reserves</b>			
Called up share capital	16	55,581	55,581
Profit and loss account		11,765,320	7,750,121
<b>Equity attributable to owners of the parent Company</b>		<u>11,820,901</u>	<u>7,805,702</u>
		<u>11,820,901</u>	<u>7,805,702</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 April 2020



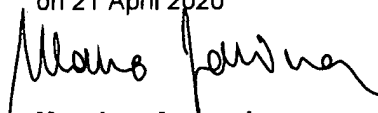
**Massimo Acquaviva**  
Director

The notes on pages 15 to 26 form part of these financial statements.

**COMPANY BALANCE SHEET**  
**As at 31 December 2019**

	Note	2019 €	2018 €
<b>Fixed assets</b>			
Tangible assets	9	9,175	-
Investments	10	1,200,000	1,200,000
		<u>1,209,175</u>	<u>1,200,000</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	11	8,934,685	8,934,685
Debtors: amounts falling due within one year	11	36,939	59,479
Cash at bank and in hand		8,406,063	7,064,957
		<u>17,377,687</u>	<u>16,059,121</u>
Creditors: amounts falling due within one year	13	(251,396)	(504,574)
<b>Net current assets</b>		<u>17,126,291</u>	<u>15,554,547</u>
<b>Total assets less current liabilities</b>		<u>18,335,466</u>	<u>16,754,547</u>
Creditors: amounts falling due after more than one year	14	(8,935,045)	(10,697,420)
<b>Net assets</b>		<u><u>9,400,421</u></u>	<u><u>6,057,127</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	55,581	55,581
Profit and loss account brought forward		6,001,546	1,677,514
Profit for the year		3,339,681	4,253,632
Other changes in the profit and loss account		3,613	70,400
		<u>9,344,840</u>	<u>6,001,546</u>
<b>Profit and loss account carried forward</b>		<u><u>9,400,421</u></u>	<u><u>6,057,127</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 April 2020

  
**Massimo Acquaviva**  
 Director

The notes on pages 15 to 26 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the Year Ended 31 December 2019**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	€	€	€
At 1 January 2019	55,581	7,750,121	7,805,702
<b>Comprehensive income for the year</b>			
Profit for the year	-	4,032,446	4,032,446
Currency translation differences	-	(17,247)	(17,247)
<b>Total comprehensive income for the year</b>	-	4,015,199	4,015,199
<b>At 31 December 2019</b>	<b>55,581</b>	<b>11,765,320</b>	<b>11,820,901</b>

The notes on pages 15 to 26 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
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,756,765	1,756,765
Currency translation differences	-	44,318	44,318
<b>Total comprehensive income for the year</b>	-	1,801,083	1,801,083
<b>At 31 December 2018</b>	<b>55,581</b>	<b>7,750,121</b>	<b>7,805,702</b>

The notes on pages 15 to 26 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**For the Year Ended 31 December 2019**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	€	€	€
At 1 January 2019	55,581	6,001,546	6,057,127
Profit for the year	-	3,339,681	3,339,681
Currency translation differences	-	3,613	3,613
<b>At 31 December 2019</b>	<b>55,581</b>	<b>9,344,840</b>	<b>9,400,421</b>

The notes on pages 15 to 26 form part of these financial statements.

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

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

The notes on pages 15 to 26 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Year Ended 31 December 2019**

	2019 €	2018 €
<b>Cash flows from operating activities</b>		
Profit for the financial year	4,032,446	1,756,765
<b>Adjustments for:</b>		
Amounts written off investments	(32,811)	101,706
Depreciation of tangible assets	48,621	43,253
Interest paid	41,009	24,969
Interest received	(100,374)	(14,630)
Taxation charge	1,030,954	857,285
Decrease in debtors	71,676	1,089,740
Increase/(decrease) in creditors	786,699	(271,370)
Corporation tax (paid)	(1,094,439)	(1,640,515)
Fair value adjustments	(1,762,375)	-
<b>Net cash generated from operating activities</b>	<b>3,021,406</b>	<b>1,947,203</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(100,945)	(54,538)
Purchase of short term unlisted investments	-	(4,740)
Sale of short term unlisted investments	440,019	-
Interest received	100,374	14,630
<b>Net cash from investing activities</b>	<b>439,448</b>	<b>(44,648)</b>
<b>Cash flows from financing activities</b>		
Repayment of loans	(759,642)	(1,062,930)
Repayment of debenture loans	-	(2,052,579)
Interest paid	(41,009)	(436,225)
<b>Net cash used in financing activities</b>	<b>(800,651)</b>	<b>(3,551,734)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,660,203</b>	<b>(1,649,179)</b>
Cash and cash equivalents at beginning of year	16,296,688	17,945,867
<b>Cash and cash equivalents at the end of year</b>	<b>18,956,891</b>	<b>16,296,688</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	18,956,891	16,296,688
	<b>18,956,891</b>	<b>16,296,688</b>

The notes on pages 15 to 26 form part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2019**

**1. General information**

2R Capital Investment Management 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 2 Queen Anne's Gate Buildings, Dartmouth Street, London, SW1H 9BP.

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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

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 2019**

**2. Accounting policies (continued)**

**2.3 Foreign currency translation**

**Functional and presentation currency**

The Group's functional and presentational currency is the Euro.

**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'.

**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.

**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 2019**

**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:

Long-term leasehold property	- Over life of the lease
Office equipment	- 3 years

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 2019**

**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 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.

**2.13 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 2019

**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 in bankruptcy proceedings.

The amounts payable in relation to the bonds are linked to the performance of investments made by the group. Their fair value has been determined based on the estimated values of those investments and the contractual terms of the bonds. The amounts payable in respect of the bonds have not been discounted on the basis that the fair values of the underlying investments already take account of the timing of expected cashflows.

**4. Operating profit**

The operating profit is stated after charging:

	2019 €	2018 €
Exchange differences	(35,998)	28,107
Other operating lease rentals	108,428	103,786
	<u>          </u>	<u>          </u>

**5. Auditors' remuneration**

	2019 €	2018 €
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	15,933	10,000
	<u>          </u>	<u>          </u>

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

Taxation compliance services	2,360	2,000
All other services	-	1,000
	<u>          </u>	<u>          </u>

**6. Employees**

Staff costs, including directors' remuneration, were as follows:

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

	Group 2019 No.	Group 2018 No.	Company 2019 No.	Company 2018 No.
Administrative staff	5	4	1	1
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2019

**7. Directors remuneration**

The directors received emoluments of €1,500,000 (2018: €1,500,000) for the year from the group, of which €975,000 (2018: €975,000) was attributable to the highest paid director.

**8. Taxation**

	2019 €	2018 €
<b>Corporation tax</b>		
Current tax on profits for the year	-	32,692
<b>Foreign tax</b>		
Foreign tax on income for the year	1,012,030	763,860
<b>Total current tax</b>	<u>1,012,030</u>	<u>796,552</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	18,924	60,733
<b>Total deferred tax</b>	<u>18,924</u>	<u>60,733</u>
<b>Taxation on profit on ordinary activities</b>	<u>1,030,954</u>	<u>857,285</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%) as set out below:

	2019 €	2018 €
Profit on ordinary activities before tax	5,063,400	2,614,050
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	962,046	496,670
<b>Effects of:</b>		
Adjustments to tax charge in respect of prior periods	-	32,692
Non-taxable income	(334,851)	-
Unrelieved tax losses carried forward	42,312	-
Profits for overseas subsidiaries charged at different rates	361,447	327,923
<b>Total tax charge for the year</b>	<u>1,030,954</u>	<u>857,285</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2019

**9. Tangible fixed assets**

**Group**

	Office equipment €
<b>Cost or valuation</b>	
At 1 January 2019	181,615
Additions	100,945
At 31 December 2019	<u>282,560</u>
<b>Depreciation</b>	
At 1 January 2019	102,938
Charge for the year on owned assets	48,621
At 31 December 2019	<u>151,559</u>
<b>Net book value</b>	
At 31 December 2019	<u><u>131,001</u></u>
At 31 December 2018	<u><u>78,677</u></u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2019**

**9. Tangible fixed assets (continued)**

**Company**

	<b>Office equipment €</b>
<b>Cost or valuation</b>	
Additions	9,349
At 31 December 2019	<u>9,349</u>
<b>Depreciation</b>	
Charge for the year on owned assets	174
At 31 December 2019	<u>174</u>
<b>Net book value</b>	
At 31 December 2019	<u><u>9,175</u></u>
At 31 December 2018	<u><u>-</u></u>



**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2019

**10. Fixed asset investments**

**Company**

	<b>Investments in subsidiary companies €</b>
<b>Cost or valuation</b>	
At 1 January 2019	1,200,000
At 31 December 2019	<u>1,200,000</u>

**Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Class of shares</b>	<b>Holding</b>
2R Capital S.P.A. Con Unico Socio	20121 Milano (MI) Via Alberico Albricci N. 8	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

<b>Name</b>	<b>Aggregate of share capital and reserves</b>	<b>Profit/ (Loss)</b>
2R Capital S.P.A. Con Unico Socio	1,127,715	2,492,765

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2019**
**11. Debtors**

	<b>Group 2019 €</b>	<b>Group 2018 €</b>	<b>Company 2019 €</b>	<b>Company 2018 €</b>
Amounts owed by group undertakings	-	-	<b>8,934,685</b>	8,934,685
	<b>-</b>	<b>-</b>	<b>8,934,685</b>	<b>8,934,685</b>
	<b>Group 2019 €</b>	<b>Group 2018 €</b>	<b>Company 2019 €</b>	<b>Company 2018 €</b>
Trade debtors	<b>4,468,550</b>	1,830,329	-	-
Amounts owed by group undertakings	-	-	-	33,400
Other debtors	<b>13,510</b>	2,688,204	<b>13,510</b>	7,271
Prepayments and accrued income	<b>40,746</b>	57,025	<b>23,429</b>	18,808
Deferred taxation	<b>193,288</b>	212,212	-	-
	<b>4,716,094</b>	<b>4,787,770</b>	<b>36,939</b>	<b>59,479</b>

**12. Current asset investments**

	<b>Group 2019 €</b>	<b>Group 2018 €</b>	<b>Company 2019 €</b>	<b>Company 2018 €</b>
Unlisted investments	<b>54,547</b>	461,755	-	-

**13. Creditors: Amounts falling due within one year**

	<b>Group 2019 €</b>	<b>Group 2018 €</b>	<b>Company 2019 €</b>	<b>Company 2018 €</b>
Bank loans	-	739,602	-	-
Other loans	-	20,040	-	20,040
Trade creditors	<b>2,877,232</b>	997,653	<b>41,192</b>	6,999
Corporation tax	-	63,485	-	-
Other taxation and social security	<b>7,332</b>	8,342	<b>7,332</b>	350
Other creditors	<b>197,249</b>	1,246,890	<b>182,324</b>	431,731
Accruals and deferred income	<b>20,774</b>	45,756	<b>20,548</b>	45,454
	<b>3,102,587</b>	<b>3,121,768</b>	<b>251,396</b>	<b>504,574</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2019**
**14. Creditors: Amounts falling due after more than one year**

	<b>Group</b> <b>2019</b> €	<i>Group</i> <i>2018</i> €	<b>Company</b> <b>2019</b> €	<i>Company</i> <i>2018</i> €
Bonds	<b>8,935,045</b>	10,697,420	<b>8,935,045</b>	10,697,420
	<b>8,935,045</b>	10,697,420	<b>8,935,045</b>	10,697,420

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. The bonds are carried at fair value. The estimate of the amounts payable under the bonds has been adjusted as a result of a re-analysis of their contractual terms.

**15. Deferred taxation****Group**

	<b>2019</b> €	<i>2018</i> €
At beginning of year	<b>212,212</b>	272,945
Charged to profit or loss	<b>(18,924)</b>	(60,733)
<b>At end of year</b>	<b>193,288</b>	212,212

The deferred tax asset is made up as follows:

	<b>Group</b> <b>2019</b> €	<i>Group</i> <i>2018</i> €
Timing differences on investments	<b>193,288</b>	212,212
	<b>193,288</b>	212,212

**16. Share capital**

	<b>2019</b> €	<i>2018</i> €
<b>Allotted, called up and fully paid</b>		
5,010,000 (2018 - 5,010,000) Ordinary shares of £0.01 each	<b>55,581</b>	55,581

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 31 December 2019

**17. Analysis of net debt**

	At 1 January 2019 €	Cash flows €	Other non- cash changes €	At 31 December 2019 €
Cash at bank and in hand	16,296,688	2,660,203	-	18,956,891
Debt due after 1 year	(10,697,420)	-	1,762,375	(8,935,045)
Debt due within 1 year	(759,642)	759,642	-	-
	<u>4,839,626</u>	<u>3,419,845</u>	<u>1,762,375</u>	<u>10,021,846</u>

**18. Related party transactions**

The group has taken advantage of the exemption provided by section 33 of FRS 102 from disclosing any transactions or balances between group entities in these consolidated financial statements.

During the year interest of €nil (2018: €2,000) was payable in respect of loans from directors. At the balance sheet date the amounts outstanding in respect of these loans was €nil (2018: €202,504)..