

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

### **Annual report and financial statements**

for the year ended 31 December 2022

Registered number: 10244316



**Company Information**

<b>Directors</b>	Massimo Acquaviva Vincenzo Michele 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 auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL

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## **Directors' report**

for the year ended 31 December 2022

The directors present their annual report together with the Group strategic report and the consolidation financial statements of 2R Capital Investment Management Limited ('the company') and its subsidiary (together 'the group') for the year ended 31 December 2022.

### **Results and dividends**

The profit for the year, after taxation, amounted to €8,210,882 (2021 - €8,885,013)

### **Directors**

The directors who served during the year were:

Massimo Acquaviva  
Vincenzo Michele Maio

### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' report, Group strategic 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 auditor**

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 auditor is 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 auditor is aware of that information.

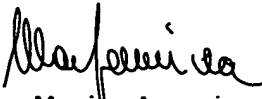
**Directors' report (continued)**

for the year ended 31 December 2022

**Auditor**

The auditor, Buzzacott LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 April 2023 and signed on its behalf by:



Massimo Acquaviva  
Director

**Group strategic report**

for the year ended 31 December 2022

**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 2022 the equities business has made progress in its development. Our Italian consultancy business has continued to help our clients deploy assets in the acquisition of multiple types of liquid & illiquid receivables.

The bond issued by the group in 2017 has been fully repaid.

**Principal risks and uncertainties**

We see global economic instability and the ongoing conflict in Ukraine as important risk factors for our investing business. Worldwide equity markets have been affected by the conflict and by the cost-of-living crisis. We hope that European economies start to stabilise and grow, which in turn will lead to market stability in the near future. We have assessed the exposure of our liquid assets to market fluctuations, and we are comfortable that the risk profile of the investments concerned is adequate.

As European economies continue to recover from the COVID-19 pandemic, we hope this together with greater market stability will contribute to an increased number of investment opportunities.

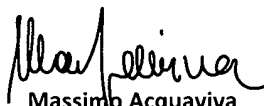
**Financial key performance indicators**

In the course of 2022, we have again been able to increase the net asset value of the group, 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 Group's stakeholders including its employees and suppliers taking the interests of all into account, without bias, when committing to long term corporate decisions. The Group 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 are able 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 Group.

This report was approved by the board on 25 April 2023 and signed on its behalf by:

  
Massimo Acquaviva  
Director

## **Independent auditor's report to the members of 2R Capital Investment Management Limited**

for the year ended 31 December 2022

### **Opinion**

We have audited the financial statements of 2R Capital Investment Management Limited ('the parent company') and its subsidiary (the 'group') for the year ended 31 December 2022, which comprise the Consolidated statement of comprehensive income, the Consolidated and Company statements of financial position, the Consolidated and Company statements of changes in equity, the Consolidated statement of cash flows 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 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual report. 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.

## **Independent auditor's report to the members of 2R Capital Investment Management Limited (continued)**

for the year ended 31 December 2022

### **Other information (continued)**

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### **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 Directors' report and the Group Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report and the Group Strategic 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 Directors' report and the Group Strategic 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.

### **Responsibilities of directors**

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

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



## Independent auditor's report to the members of 2R Capital Investment Management Limited (continued)

for the year ended 31 December 2022

### 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

#### *How the audit was considered capable of detecting irregularities including fraud*

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations, including knowledge specific to asset management firms;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the company through discussions with directors and other management at the planning stage, and from our knowledge and experience of asset management firms;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations;
- we interacted with component auditors throughout the audit. Interactions with component auditors included written formal instructions, meetings and reviewing audit working papers; and
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company including the Companies Act 2006, The Financial Services and Markets Act 2000, employment legislation, and taxation legislation.

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management;
- inspecting legal expenditure and correspondence throughout the year for any potential litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- determined the susceptibility of the company to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process during the year;
- reviewed journal entries throughout the year to identify unusual transactions, particularly in relation to expenditure;
- performed analytical procedures to identify any large, unusual or unexpected transactions and investigated any large variances from the prior year; and
- carried out substantive testing to check the occurrence and cut-off of expenditure.

## Independent auditor's report to the members of 2R Capital Investment Management Limited (continued)

for the year ended 31 December 2022

### Auditor's responsibilities for the audit of the financial statements (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, the Financial Conduct Authority and the company's legal advisors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

Jonathan West (Senior statutory auditor)  
for and on behalf of

**Buzzacott LLP**  
Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

26 April 2023

## Consolidated statement of comprehensive income

for the year ended 31 December 2022

	Note	2022 €	2021 €
Revenue		16,048,685	17,172,154
Cost of sales		(3,452,853)	(3,796,297)
<b>Gross profit</b>		<b>12,595,832</b>	<b>13,375,857</b>
Administrative expenses		(1,215,335)	(1,085,879)
Other operating income		18,099	289,367
Fair value movements		165,895	880
<b>Operating profit</b>		<b>11,564,491</b>	<b>12,580,225</b>
Interest receivable and similar income		13,490	2,003
Interest payable and similar expenses		(41,109)	(25,442)
<b>Profit before taxation</b>		<b>11,536,872</b>	<b>12,556,786</b>
Tax on profit	7	(3,325,990)	(3,671,773)
<b>Profit for the financial year</b>		<b>8,210,882</b>	<b>8,885,013</b>
Currency translation differences		(31,029)	24,393
<b>Other comprehensive income for the year</b>		<b>(31,029)</b>	<b>24,393</b>
<b>Total comprehensive income for the year</b>		<b>8,179,853</b>	<b>8,909,406</b>

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income.


The notes on pages 14 to 27 form part of these financial statements.

# Consolidated statement of financial position

as at 31 December 2022

	Note	2022 €	2021 €
<b>Fixed assets</b>			
Tangible assets	8	170,178	225,492
		<u>170,178</u>	<u>225,492</u>
<b>Current assets</b>			
Debtors	10	3,527,157	4,085,432
Current asset investments	11	54,923	2,651,625
Cash at bank and in hand		30,851,977	31,158,595
		<u>34,434,057</u>	<u>37,895,652</u>
Creditors: amounts falling due within one year	12	(2,214,078)	(11,384,757)
<b>Net current assets</b>		<u>32,219,979</u>	<u>26,510,895</u>
<b>Total assets less current liabilities</b>		<u>32,390,157</u>	<u>26,736,387</u>
Creditors: amounts falling due after more than one year	13	-	(2,526,081)
<b>Net assets</b>		<u><u>32,390,157</u></u>	<u><u>24,210,306</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	55,581	55,581
Profit and loss account	16	32,334,576	24,154,725
<b>Equity attributable to owners of the parent company</b>		<u>32,390,157</u>	<u>24,210,306</u>
		<u><u>32,390,157</u></u>	<u><u>24,210,306</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 April 2023.

  
Massimo Acquaviva  
Director

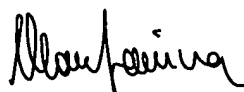
The notes on pages 14 to 27 form part of these financial statements.

**Company statement of financial position**

as at 31 December 2022

	Note	2022 €	2021 €
<b>Fixed assets</b>			
Tangible assets	8	8,122	14,576
Investments	9	1,200,000	1,200,000
		<u>1,208,122</u>	<u>1,214,576</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	10	12,861,395	11,371,895
Cash at bank and in hand		10,470,988	10,527,641
		<u>23,332,383</u>	<u>21,899,536</u>
Creditors: amounts falling due within one year	12	(384,647)	(7,783,127)
<b>Net current assets</b>		<u>22,947,736</u>	<u>14,116,409</u>
<b>Total assets less current liabilities</b>		<u>24,155,858</u>	<u>15,330,985</u>
<b>Net assets</b>		<u>24,155,858</u>	<u>15,330,985</u>
<b>Capital and reserves</b>			
Called up share capital	15	55,581	55,581
Profit and loss account brought forward		15,275,404	11,734,501
Profit for the year		8,867,736	3,513,812
Other changes in reserves		(42,863)	27,091
		<u>24,100,277</u>	<u>15,275,404</u>
<b>Profit and loss account carried forward</b>		<u>24,155,858</u>	<u>15,330,985</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 April 2023.

  
**Massimo Acquaviva**  
 Director

The notes on pages 14 to 27 form part of these financial statements.

**Consolidated statement of changes in equity**  
for the year ended 31 December 2022

	Called up share capital	Profit and loss account	Equity attributable to owners of parent company	Total equity
	€	€	€	€
<b>At 1 January 2021</b>	55,581	15,245,319	15,300,900	15,300,900
Profit for the year	-	8,885,013	8,885,013	8,885,013
Currency translation differences	-	24,393	24,393	24,393
<b>At 1 January 2022</b>	55,581	24,154,725	24,210,306	24,210,306
Profit for the year	-	8,210,882	8,210,882	8,210,882
Currency translation differences	-	(31,031)	(31,031)	(31,031)
<b>At 31 December 2022</b>	55,581	32,334,576	32,390,157	32,390,157

The notes on pages 14 to 27 form part of these financial statements.

**Company statement of changes in equity**

for the year ended 31 December 2022

	Called up share capital €	Profit and loss account €	Total equity €
<b>At 1 January 2021</b>	<b>55,581</b>	<b>11,734,501</b>	<b>11,790,082</b>
Profit for the year	-	3,513,812	3,513,812
Currency translation differences	-	27,091	27,091
<b>At 1 January 2022</b>	<b>55,581</b>	<b>15,275,404</b>	<b>15,330,985</b>
Profit for the year	-	8,867,736	8,867,736
Currency translation differences	-	(42,863)	(42,863)
<b>At 31 December 2022</b>	<b>55,581</b>	<b>24,100,277</b>	<b>24,155,858</b>

The notes on pages 14 to 27 form part of these financial statements.

**Consolidated statement of cash flows**  
 for the year ended 31 December 2022

	2022 €	2021 €
<b>Cash flows from operating activities</b>		
Profit for the financial year	8,210,882	8,885,013
<b>Adjustments for:</b>		
Depreciation of tangible assets	122,509	18,642
Impairments of fixed assets	1,673,597	-
Interest paid	41,109	25,442
Interest received	(13,490)	(2,003)
Taxation charge	3,325,990	3,671,773
Decrease/(increase) in debtors	558,275	(1,400,022)
(Decrease)/increase in creditors	(5,872,157)	127,515
Net fair value (gains)/losses recognised in P&L	(165,895)	880
Corporation tax (paid)	(3,589,248)	(2,389,900)
Currency translation differences	(31,029)	24,393
<b>Net cash generated from operating activities</b>	<b>4,260,543</b>	<b>8,961,733</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(67,195)	(73,951)
Purchase of short-term unlisted investments	-	(1,599,248)
Sale of short-term unlisted investments	809,828	-
Interest received	13,490	2,003
<b>Net cash from investing activities</b>	<b>756,123</b>	<b>(1,671,196)</b>
<b>Cash flows from financing activities</b>		
Repayment of debenture loans	(5,282,175)	-
Interest paid	(41,109)	(25,442)
<b>Net cash used in financing activities</b>	<b>(5,323,284)</b>	<b>(25,442)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(306,618)</b>	<b>7,265,095</b>
Cash and cash equivalents at beginning of year	31,158,595	23,893,500
<b>Cash and cash equivalents at the end of year</b>	<b>30,851,977</b>	<b>31,158,595</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	30,851,977	31,158,595
	<b>30,851,977</b>	<b>31,158,595</b>



## Notes to the financial statements

for the year ended 31 December 2022

### 1. General information

2R Capital Investment Management Limited is a private company limited by shares and was incorporated in England and Wales. The principal place of business and registered office of the company is 5th Floor, 2 Queen Anne's Gate Buildings, Dartmouth Street, London, SW1H 9BP. The registered number of the company is 10244316.

### 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 Republic of Ireland' ('FRS 102') 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 judgement 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 Consolidated statement of financial position, 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.

#### 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

## Notes to the financial statements

for the year ended 31 December 2022

### 2. Accounting policies (continued)

#### 2.3 Foreign currency translation (continued)

On consolidation, the results of UK operations are translated into Euros at rates approximating to those ruling when the transactions took place. All assets and liabilities of UK 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 UK 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:

##### *Rendering of services*

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue is derived from commissions and performance fees for consultancy activity for the purchase of receivables without recourse.

#### 2.5 Operating leases: the group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

#### 2.7 Finance costs

Finance costs are charged to profit or loss 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.

#### 2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

## Notes to the financial statements

for the year ended 31 December 2022

### 2. Accounting policies (continued)

#### 2.9 Pensions

##### *Defined contribution pension plan*

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

#### 2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting 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 reporting 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 reporting date.

#### 2.11 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.

## Notes to the financial statements

for the year ended 31 December 2022

### 2. Accounting policies (continued)

#### 2.11 Tangible fixed assets (continued)

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 profit or loss.

#### 2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Other investments are measured at fair value.

#### 2.13 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.

#### 2.14 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.

#### 2.15 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.

## Notes to the financial statements

for the year ended 31 December 2022

### 2. Accounting policies (continued)

#### 2.16 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year end date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The directors do not consider there to be any significant judgements or key sources of estimation uncertainty involved in the preparation of these financial statements.

### 4. Auditor's remuneration

During the year, the group obtained the following services from the company's auditor and its associates:

	2022 €	2021 €
Fees payable to the group's auditor for the audit of the group's financial statements	14,686	14,296
Fees payable to the company's auditor and its associates in respect of:		
Audit-related assurance services	2,259	2,383
Taxation compliance services	2,259	2,383
All other services	2,824	2,978

## Notes to the financial statements

for the year ended 31 December 2022

### 5. Employees

Staff costs were as follows:

	Group 2022 €	Group 2021 €	Company 2022 €	Company 2021 €
Wages and salaries	455,523	424,296	55,489	135,642
Social security costs	111,990	85,606	1,594	-
Cost of defined contribution scheme	23,430	16,530	737	522
	<u>590,943</u>	<u>526,432</u>	<u>57,820</u>	<u>136,164</u>

During the year, the group paid €1,500,000 (2021 - €1,500,000) to the directors for consultancy services provided to the group.

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

	2022 No.	2021 No.
Administration	<u>10</u>	<u>10</u>

### 6. Directors' remuneration

The highest paid director received emoluments of €985,248 (2021: €993,140).

### 7. Taxation

	2022 €	2021 €
<b>Corporation tax</b>		
Current tax on profits for the year	3,325,990	3,671,773
	<u>3,325,990</u>	<u>3,671,773</u>
<b>Total current tax</b>	<u>3,325,990</u>	<u>3,671,773</u>
<b>Deferred tax</b>		
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on profit on ordinary activities</b>	<u>3,325,990</u>	<u>3,671,773</u>

## Notes to the financial statements

for the year ended 31 December 2022

### 7. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 €	2021 €
Profit on ordinary activities before tax	<u>11,536,872</u>	<u>12,556,786</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	2,192,006	2,385,789
<b>Effects of:</b>		
Expenses not deductible for tax purposes	63	(23,448)
Capital allowances for year in excess of depreciation	(233)	(245)
Adjustments to tax charge in respect of prior periods	-	(30,123)
Unrelieved tax losses carried forward	(96,935)	56,544
Profits of overseas subsidiary charged at different rates	1,231,089	1,283,256
<b>Total tax charge for the year</b>	<u><u>3,325,990</u></u>	<u><u>3,671,773</u></u>

#### Factors that may affect future tax charges

The corporation tax rate at 1 January 2022 was 19%. With effect from 1 April 2023 the rate of corporation tax increased, tapering from 19% for businesses with profits of less than £50,000 to 25% for businesses with profits over £250,000.

## Notes to the financial statements

for the year ended 31 December 2022

### 8. Tangible fixed assets

#### Group

	Office equipment €
<b>Cost or valuation</b>	
At 1 January 2022	399,431
Additions	68,445
Exchange adjustments	(1,250)
At 31 December 2022	<u>466,626</u>
<b>Depreciation</b>	
At 1 January 2022	173,939
Charge for the year	123,009
Exchange adjustments	(500)
At 31 December 2022	<u>296,448</u>
<b>Net book value</b>	
At 31 December 2022	<u><u>170,178</u></u>
At 31 December 2021	<u><u>225,492</u></u>



## Notes to the financial statements

for the year ended 31 December 2022

### 8. Tangible fixed assets (continued)

#### Company

	Office equipment €
<b>Cost or valuation</b>	
At 1 January 2022	24,256
Additions	99
Exchange adjustments	(1,250)
At 31 December 2022	<u>23,105</u>
<b>Depreciation</b>	
At 1 January 2022	9,680
Charge for the year	5,803
Exchange adjustments	(500)
At 31 December 2022	<u>14,983</u>
<b>Net book value</b>	
At 31 December 2022	<u><u>8,122</u></u>
At 31 December 2021	<u><u>14,576</u></u>

## Notes to the financial statements

for the year ended 31 December 2022

### 9. Investment in subsidiary

#### Company

	Investment in subsidiary €
<b>Cost or valuation</b>	
At 1 January 2022	1,200,000
At 31 December 2022	1,200,000
<b>Net book value</b>	
At 31 December 2022	1,200,000
At 31 December 2021	1,200,000

#### Subsidiary undertaking

The following was a subsidiary undertaking of the company:

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

The aggregate of the share capital and reserves as at 31 December 2022 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
2R Capital S.P.A. Con Unico Socio	9,434,300	7,021,485

**Notes to the financial statements**

for the year ended 31 December 2022

**10. Debtors**

	Group 2022 €	Group 2021 €	Company 2022 €	Company 2021 €
<b>Amounts falling due within one year</b>				
Trade debtors	2,358,402	2,921,534	-	-
Amounts owed by group undertakings	-	-	12,794,335	11,308,973
Other debtors	85,967	868,583	-	8,641
Prepayments and accrued income	58,569	47,290	58,569	47,290
Tax recoverable	779,073	7,291	8,491	6,991
Deferred taxation	245,146	240,734	-	-
	<u>3,527,157</u>	<u>4,085,432</u>	<u>12,861,395</u>	<u>11,371,895</u>

**11. Current asset investments**

	Group 2022 €	Group 2021 €
Listed investments	54,923	2,651,625
	<u>54,923</u>	<u>2,651,625</u>

These listed investments are held at fair value through profit or loss. These are valued at quoted prices in an active market.

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

	Group 2022 €	Group 2021 €	Company 2022 €	Company 2021 €
Bonds	-	7,461,453	-	7,461,453
Bank loans	226,082	-	-	-
Trade creditors	251,992	193,442	24,517	24,145
Corporation tax	149,960	2,380,900	149,960	-
Other taxation and social security	247,631	306,307	1,051	2,196
Other creditors	961,183	705,933	182,324	253,405
Accruals and deferred income	377,230	336,722	26,795	41,928
	<u>2,214,078</u>	<u>11,384,757</u>	<u>384,647</u>	<u>7,783,127</u>

## Notes to the financial statements

for the year ended 31 December 2022

### 13. Creditors: Amounts falling due after more than one year

	Group 2022 €	Group 2021 €
Bank loans	-	2,526,081
	<u>-</u>	<u>2,526,081</u>

Bank loans included two medium-term bank loans against facilities of €2,000,000 and €750,000. The facility of €2,000,000 was repaid in full during the year, with the remainder of the €750,000 expected to be repaid in full in July 2023. The balance due on this facility is included in note 12 and is due in less than one year.

### 14. Deferred taxation

#### Group

	2022 €
At beginning of year	240,734
Charged to profit or loss	4,412
<b>At end of year</b>	<b><u>245,146</u></b>

The deferred tax asset is made up as follows:

	Group 2022 €	Group 2021 €
Short term timing differences	245,146	240,734
	<u>245,146</u>	<u>240,734</u>

## Notes to the financial statements

for the year ended 31 December 2022

### 15. Share capital

	2022 €	2021 €
<b>Allotted, called up and fully paid</b>		
5,558,100 (2021 - 5,558,100) Ordinary shares of €0.01 each	<u>55,581</u>	<u>55,581</u>

### 16. Reserves

#### *Profit and loss account*

The profit and loss account includes all current and prior periods' profits and losses including any dividends paid.

### 17. Analysis of net debt

	At 1 January 2022 €	Cash flows €	At 31 December 2022 €
Cash at bank and in hand	31,158,595	(306,618)	30,851,977
Debt due after 1 year	(2,526,081)	2,526,081	-
Debt due within 1 year	(7,461,453)	7,235,371	(226,082)
	<u>21,171,061</u>	<u>9,454,834</u>	<u>30,625,895</u>

### 18. Controlling party

The ultimate controlling party is M Acquaviva.

### 19. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to €23,430 (2021: €16,530). Contributions totalling €nil (2021: €29,728) were payable to the fund at the reporting date.

## Notes to the financial statements

for the year ended 31 December 2022

### 20. Commitments under operating leases

At 31 December 2022, the group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 €	Group 2021 €
Not later than 1 year	51,917	56,844
Later than 1 year and not later than 5 years	906	38,718
	<u>52,823</u>	<u>95,562</u>

### 21. 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.