

2R Capital Investment Management Limited

Report And Financial Statements

31 December 2020

Rees Pollock
Chartered Accountants



COMPANY INFORMATION

Directors	Massimo Acquaviva Vincenzo Maio
Registered number	10244316
Registered office	5th Floor 2 Queen Anne's Gate Buildings Dartmouth Street London SW1H 9BP
Independent auditors	Rees Pollock 16 Great Queen Street London WC2B 5AH

GROUP STRATEGIC REPORT
For the Year Ended 31 December 2020

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 2020 the equities business has started to deploy its capital. Our consultancy business has helped our clients deploy over Euro 550 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.

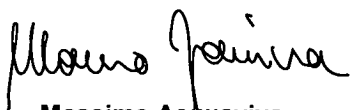
Financial key performance indicators

In the course of 2020, 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 27 april 2021 and signed on its behalf.



Massimo Acquaviva
Director

DIRECTORS' REPORT
For the Year Ended 31 December 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

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:

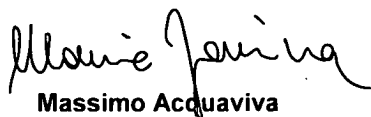
- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the 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 2020

This report was approved by the board on 27 April 2021 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 2020, 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 2020 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

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 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out 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 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:

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, and non-compliance with laws and regulations, our procedures included the following: enquiring of management concerning the Company's policies with regards identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance; enquiring of management concerning the Company's policies detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; enquiring of management concerning the Company's policies in relation to the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations; discussing among the engagement team where fraud might occur in the financial statements and any potential indicators of fraud; and obtaining an understanding of the legal and regulatory framework that the Company operates in and focusing on those laws and regulations that had a direct effect on the financial statements or that

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

had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the UK Companies Act 2006, the Financial Services and Markets Act 2000 and applicable tax legislation.

One particular focus area was the risk of fraud through management override of controls. Our procedures to respond to risks identified included the following: performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; reviewing the bank statements of the Company for evidence of any large or unusual activity which may be indicative of fraud; enquiring of management in relation to any potential litigation and claims; and testing the appropriateness of journal entries and other adjustments.

Another focus area was non-compliance with the rules of the Financial Conduct Authority ('the FCA'). The Company was authorised and regulated by the FCA throughout the period. Our procedures to respond to risks identified included the following: reviewing correspondence between the Company and the FCA, performing analytical review to detect receipts of client money and remaining alert to the possibility of accidental receipt of client monies; and discussion of regulatory matters with the appointed officers of the Company.

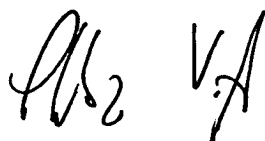
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

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
Chartered Accountants
Statutory Auditor

16 Great Queen Street
London
EC4V 6BW

27 April 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2020

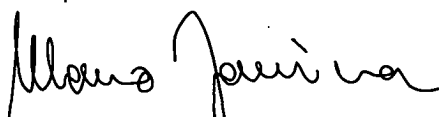
	Note	2020 €	2019 €
Turnover		7,696,766	6,577,746
Cost of sales		(2,811,798)	(3,115,986)
Gross profit		4,884,968	3,461,760
Administrative expenses		(2,575,597)	(759,783)
Other operating income		79,069	506,872
Operating profit	4	2,388,440	3,208,849
Fair value adjustments		1,473,592	1,762,375
Revaluations of short term investments		131,296	32,811
Interest receivable and similar income		555,433	100,374
Interest payable and expenses		(23,359)	(41,009)
Profit before tax		4,525,402	5,063,400
Tax on profit	8	(1,045,403)	(1,030,954)
Profit for the financial year		3,479,999	4,032,446
Other comprehensive income for the year			
Currency translation differences		-	(17,247)
Other comprehensive income for the year		-	(17,247)
Total comprehensive income for the year		3,479,999	4,015,199
Profit for the year attributable to:			
Owners of the parent company		3,479,999	4,032,446
		3,479,999	4,032,446
Total comprehensive income attributable to:			

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

CONSOLIDATED BALANCE SHEET
As at 31 December 2020

	Note	2020 €	2019 €
Fixed assets			
Tangible fixed assets	9	170,183	131,001
		<u>170,183</u>	<u>131,001</u>
Current assets			
Debtors: amounts falling due within one year	11	2,685,410	4,716,094
Current asset investments	12	1,053,257	54,547
Cash at bank and in hand		23,893,500	18,956,891
		<u>27,632,167</u>	<u>23,727,532</u>
Creditors: amounts falling due within one year	13	(2,513,916)	(3,102,587)
Net current assets		<u>25,118,251</u>	<u>20,624,945</u>
Total assets less current liabilities		<u>25,288,434</u>	<u>20,755,946</u>
Creditors: amounts falling due after more than one year	14	(9,987,534)	(8,935,045)
Provisions for liabilities			
Net assets		<u><u>15,300,900</u></u>	<u><u>11,820,901</u></u>
Capital and reserves			
Called up share capital	16	55,581	55,581
Profit and loss account		15,245,319	11,765,320
Equity attributable to owners of the parent Company		<u>15,300,900</u>	<u>11,820,901</u>
		<u><u>15,300,900</u></u>	<u><u>11,820,901</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 April 2021.

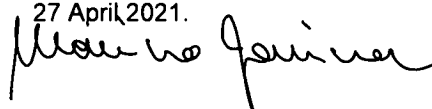

Massimo Acquaviva
 Director

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

COMPANY BALANCE SHEET
As at 31 December 2020

	Note	2020 €	2019 €
Fixed assets			
Tangible assets	9	16,055	9,175
Investments	10	1,200,000	1,200,000
		<u>1,216,055</u>	<u>1,209,175</u>
Current assets			
Debtors: amounts falling due after more than one year	11	7,461,093	8,934,685
Debtors: amounts falling due within one year	11	60,739	36,939
Cash at bank and in hand		10,791,432	8,406,063
		<u>18,313,264</u>	<u>17,377,687</u>
Creditors: amounts falling due within one year	13	(277,784)	(251,396)
Net current assets		<u>18,035,480</u>	<u>17,126,291</u>
Total assets less current liabilities		<u>19,251,535</u>	<u>18,335,466</u>
Creditors: amounts falling due after more than one year	14	(7,461,453)	(8,935,045)
Net assets excluding pension asset		<u>11,790,082</u>	<u>9,400,421</u>
Net assets		<u><u>11,790,082</u></u>	<u><u>9,400,421</u></u>
Capital and reserves			
Called up share capital	16	55,581	55,581
Profit and loss account brought forward		9,344,840	6,001,546
Profit for the year		2,389,661	3,339,681
Other changes in the profit and loss account		-	3,613
		<u>11,734,501</u>	<u>9,344,840</u>
Profit and loss account carried forward		<u><u>11,790,082</u></u>	<u><u>9,400,421</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 April 2021.



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 2020

	Called up share capital	Profit and loss account	Total equity
	€	€	€
At 1 January 2020	55,581	11,765,320	11,820,901
Comprehensive income for the year			
Profit for the year	-	3,479,999	3,479,999
Total comprehensive income for the year	-	3,479,999	3,479,999
At 31 December 2020	55,581	15,245,319	15,300,900

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

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

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 2020

	Called up share capital	Profit and loss account	Total equity
	€	€	€
At 1 January 2020	55,581	9,344,840	9,400,421
Profit for the year	-	2,389,661	2,389,661
At 31 December 2020	55,581	11,734,501	11,790,082

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

	Called up share capital	Profit and loss account	Total equity
	€	€	€
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
At 31 December 2019	55,581	9,344,840	9,400,421

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended 31 December 2020

	2020 €	2019 €
Cash flows from operating activities		
Profit for the financial year	3,479,999	4,032,446
Adjustments for:		
Revaluation of investments	(131,296)	(32,811)
Depreciation of tangible assets	4,316	48,621
Interest paid	23,359	41,009
Interest received	(555,433)	(100,374)
Taxation charge	1,045,403	1,030,954
Decrease in debtors	2,030,684	71,676
(Decrease)/increase in creditors	(812,590)	786,699
Corporation tax (paid)	(1,045,403)	(1,094,439)
Fair value adjustments	(1,473,592)	(1,762,375)
Net cash generated from operating activities	<u>2,565,447</u>	<u>3,021,406</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(43,498)	(100,945)
Sale of short term unlisted investments	(867,414)	440,019
Interest received	555,433	100,374
Net cash from investing activities	<u>(355,479)</u>	<u>439,448</u>
Cash flows from financing activities		
Repayment of loans	-	(759,642)
Bank loans	2,750,000	-
Interest paid	(23,359)	(41,009)
Net cash used in financing activities	<u>2,726,641</u>	<u>(800,651)</u>
Net increase in cash and cash equivalents	<u>4,936,609</u>	<u>2,660,203</u>
Cash and cash equivalents at beginning of year	18,956,891	16,296,688
Cash and cash equivalents at the end of year	<u><u>23,893,500</u></u>	<u><u>18,956,891</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	23,893,500	18,956,891
	<u><u>23,893,500</u></u>	<u><u>18,956,891</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

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 2020

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.

2.7 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 the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in 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.

2.9 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.

2.10 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 2020

2. Accounting policies (continued)

2.11 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.

2.12 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.

2.13 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 2020
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 these assets will be valued at market value where there is evidence to support such a value. In the absence of an accurate market value, it has been deemed that cost is the best estimate of fair value. This applies to 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 based on the market values of those investments and the contractual terms of the bonds. The amounts payable in respect of the bonds have not yet 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:

	2020 €	2019 €
Exchange differences	73,719	(35,998)
Other operating lease rentals	115,592	108,428
	<u>115,592</u>	<u>108,428</u>

5. Auditors' remuneration

	2020 €	2019 €
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	15,009	15,933
	<u>15,009</u>	<u>15,933</u>
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	2,224	2,360
	<u>2,224</u>	<u>2,360</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 2020 No.	Group 2019 No.	Company 2020 No.	Company 2019 No.
Administrative staff	8	5	4	1
	<u>8</u>	<u>5</u>	<u>4</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020
7. Directors remuneration

The directors received emoluments of €1,514,950 (2019: €1,500,000) for the year from the group, of which €983,700 (2019: €975,000) was attributable to the highest paid director.

8. Taxation

	2020 €	2019 €
Corporation tax		
Adjustments in respect of previous periods	(33,285)	-
Foreign tax		
Foreign tax on income for the year	1,208,200	1,012,030
Total current tax	<u>1,174,915</u>	<u>1,012,030</u>
Deferred tax		
Origination and reversal of timing differences	(129,512)	18,924
Total deferred tax	<u>(129,512)</u>	<u>18,924</u>
Taxation on profit on ordinary activities	<u>1,045,403</u>	<u>1,030,954</u>

Factors affecting tax charge for the year

The tax assessed for the year differs from (2019 - differs from) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 €	2019 €
Profit on ordinary activities before tax	<u>4,525,402</u>	<u>5,063,400</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	859,826	962,046
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,882	-
Capital allowances for year in excess of depreciation	(1,414)	-
Adjustments to tax charge in respect of prior periods	(33,285)	-
Non-taxable income	(274,126)	(334,851)
Unrelieved tax losses carried forward	12,511	42,312
Profits for overseas subsidiaries charged at different rates	480,009	361,447
Total tax charge for the year	<u>1,045,403</u>	<u>1,030,954</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

9. Tangible fixed assets

Group

	Office equipment €
Cost or valuation	
At 1 January 2020	282,560
Additions	43,498
Exchange adjustments	(578)
At 31 December 2020	<u>325,480</u>
Depreciation	
At 1 January 2020	151,559
Charge for the year on owned assets	3,756
Exchange adjustments	(18)
At 31 December 2020	<u>155,297</u>
Net book value	
At 31 December 2020	<u><u>170,183</u></u>
At 31 December 2019	<u><u>131,001</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020
9. Tangible fixed assets (continued)**Company**

	Office equipment €
Cost or valuation	
At 1 January 2020	9,349
Additions	11,196
Exchange adjustments	(578)
At 31 December 2020	<u>19,967</u>
Depreciation	
At 1 January 2020	174
Charge for the year on owned assets	3,756
Exchange adjustments	(18)
At 31 December 2020	<u>3,912</u>
Net book value	
At 31 December 2020	<u><u>16,055</u></u>
At 31 December 2019	<u><u>9,175</u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

10. Fixed asset investments

Company

	Investments in subsidiary companies €
Cost or valuation	
At 1 January 2020	1,200,000
At 31 December 2020	<u>1,200,000</u>

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 Albricci N. 8	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2020 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	4,710,818	2,072,254

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020
11. Debtors

	Group 2020 €	Group 2019 €	Company 2020 €	Company 2019 €
Amounts owed by group undertakings	-	-	7,461,093	8,934,685
	<u>-</u>	<u>-</u>	<u>7,461,093</u>	<u>8,934,685</u>
	Group 2020 €	Group 2019 €	Company 2020 €	Company 2019 €
Trade debtors	2,271,742	4,468,550	-	-
Other debtors	31,192	13,510	31,192	13,510
Prepayments and accrued income	59,673	40,746	29,547	23,429
Deferred taxation	322,803	193,288	-	-
	<u>2,685,410</u>	<u>4,716,094</u>	<u>60,739</u>	<u>36,939</u>

12. Current asset investments

	Group 2020 €	Group 2019 €
Unlisted investments	1,053,257	54,547

13. Creditors: Amounts falling due within one year

	Group 2020 €	Group 2019 €	Company 2020 €	Company 2019 €
Bank loans (see note 14)	223,919	-	-	-
Trade creditors	2,058,204	2,877,232	71,194	41,192
Other taxation and social security	2,545	7,332	2,545	7,332
Other creditors	203,200	197,249	182,324	182,324
Accruals and deferred income	26,048	20,774	21,721	20,548
	<u>2,513,916</u>	<u>3,102,587</u>	<u>277,784</u>	<u>251,396</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020
14. Creditors: Amounts falling due after more than one year

	Group 2020 €	Group 2019 €	Company 2020 €	Company 2019 €
Bonds	7,461,453	8,935,045	7,461,453	8,935,045
Bank loans	2,526,081	-	-	-
	9,987,534	8,935,045	7,461,453	8,935,045

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.

Bank loans includes two medium-term bank loans against facilities of €2,000,000 and €750,000, the full repayments of which are expected in 2025 and 2023 respectively.

15. Deferred taxation**Group**

	2020 €	2019 €
At beginning of year	193,288	212,212
Charged to profit or loss	129,515	(18,924)
At end of year	322,803	193,288

The deferred tax asset is made up as follows:

	Group 2020 €	Group 2019 €
Timing differences on investments	322,803	193,288
	322,803	193,288

16. Share capital

	2020 €	2019 €
Allotted, called up and fully paid		
5,010,000 (2019 - 5,010,000) Ordinary shares of £0.01 each	55,581	55,581

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2020

17. Analysis of net debt

	At 1 January 2020 €	Cash flows €	Other non- cash changes €	At 31 December 2020 €
Cash at bank and in hand	18,956,891	4,936,609	-	23,893,500
Debt due after 1 year	(8,935,045)	(2,526,081)	1,473,592	(9,987,534)
Debt due within 1 year	-	(223,919)	-	(223,919)
	<u>10,021,846</u>	<u>2,186,609</u>	<u>1,473,592</u>	<u>13,682,047</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.