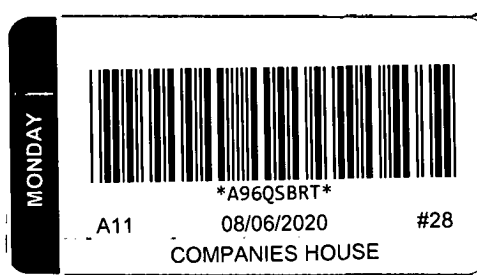


Registered number: 03224870

VERMEG MANAGEMENT LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**



VERMEG MANAGEMENT LIMITED

COMPANY INFORMATION

Directors	Mousser Jerbi Kawther Zouari
Registered number	03224870
Registered office	17 Bevis Marks 3rd Floor London EC3A 7LN
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor 30 Finsbury Square London EC2A 1AG

VERMEG MANAGEMENT LIMITED

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VERMEG MANAGEMENT LIMITED

**STRATEGIC REPORT
FOR THE PERIOD ENDED 30 DECEMBER 2018**

PRINCIPAL ACTIVITIES

The principal activity of the company is a holding company performing management and administrative tasks for its subsidiaries.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company is a holding company. Its revenues are generated by recharging management and administrative costs to its subsidiaries. No payment of dividend is foreseen for the next couple of years but given the subsidiaries are expected to be profitable again in the near future this situation might change within a few years.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,926,461 (March 2018: £1,021,172).

During the year no dividend was paid (March 2018: £nil).

KEY PERFORMANCE INDICATORS

The directors have monitored the performance of the company with particular reference to the following key performance indicators:

- turnover by product line and geography compared to prior year;
- backlog and contract longevity
- working capital management against budgets.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the nature of the company's strategy are subject to a number of risks. The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all business risks. Where possible, processes are in place to monitor and mitigate such risks.

The impact of covid19 has been considered in the directors' report.

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

Kawther Zouari

Kawther Zouari

Director

Date: 5 June 2020

VERMEG MANAGEMENT LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 DECEMBER 2018**

The directors present their report and the financial statements for the period ended 30 December 2018.

Principal activity

The principal activity of the company is a holding company performing management and administrative tasks for its subsidiaries.

Results and dividends

The profit for the period, after taxation, amounted to £1,926,461 (2018 - £1,021,172).

The directors do not recommend the payment of dividend.

Directors

The directors who served during the period were:

Mousser Jerbi
Kawther Zouari

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 and profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

VERMEG MANAGEMENT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 DECEMBER 2018**

Going concern

In considering the appropriate basis on which to prepare the financial statements, the directors are required to consider whether the company can continue in operational existence for the foreseeable future. At 30 December 2018 the company had net assets of £38.3m with overdrawn cash of £0.05m. The company has received confirmation from its immediate parent undertaking, Vermeg N.V., of its intention to continue to provide financial and other support to the extent necessary to enable the company to continue to pay its liabilities as and when they become due for a period not less than one year from the date of approval of these financial statements. The directors have therefore prepared the accounts on a going concern basis.

Management have considered the potential impact of covid19 and do not consider it to affect the company's ability to continue as a going concern.

Impact of Brexit

We provide only services to customers in the UK and abroad. From what we have heard so far our business should not be affected by Brexit. There might be some restriction on the movements of people to the UK but this will not have a significant impact. We continue to monitor developments.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Subsequent events

We are exposed to risks related to the recent outbreak of the Corona virus.

Governments in affected countries are imposing travel bans, quarantines, lockdown and other public safety measures. Those measures, though temporary in nature may continue and increase depending on the development of the virus outbreak.

We are monitoring closely the development of the situation and anticipating all actions to ensure the business continuity and mitigate the risks on our operations. In the meantime, we also focus on the safety and the wellbeing of our people and clients. All employees have been working from home for several months and this has proven to be very efficient.

The ultimate severity of the corona virus impact is uncertain at this time and therefore we cannot predict the impact it may have on our end markets and operations in 2020 and beyond.

Our cash forecast shows that there might be some decrease in turnover and consequently in cash receipts during the coming months. This potential shortage of cash has already been covered at the group level by extending credit lines with the banks and receiving loans from shareholders.

Auditor

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

VERMEG MANAGEMENT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 DECEMBER 2018**

This report was approved by the board on 5 June 2020 and signed on its behalf.

Kawther Zouari

Kawther Zouari
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERMEG MANAGEMENT LIMITED

Opinion

We have audited the financial statements of Vermeg Management Limited (the 'Company') for the period ended 30 December 2018, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and 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 101 'Reduced Disclosure Framework'.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 December 2018 and of its profit for the period 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERMEG MANAGEMENT LIMITED
(CONTINUED)**

Conclusions relating to going concern

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

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

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business/business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

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

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

We have nothing to report in this regard.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERMEG MANAGEMENT LIMITED
(CONTINUED)**

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERMEG MANAGEMENT LIMITED
(CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

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

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

Use of 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.

Grant Thornton UK LLP

Simon Bevan
for and on behalf of
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

5 June 2020

VERMEG MANAGEMENT LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 DECEMBER 2018**

	Note	9 months ending 30 December 2018 £	12 months ending 31 March 2018 £
Turnover	4	10,866,142	19,964,000
Cost of sales		(1,152,662)	(5,220,000)
Gross profit		9,713,480	14,744,000
Administrative expenses		(7,760,470)	(13,667,828)
Operating profit	5	1,953,010	1,076,172
Interest receivable and similar income		480	3,000
Interest payable and expenses	8	(27,029)	(58,000)
Profit before tax		1,926,461	1,021,172
Tax on profit	9	-	-
Profit for the financial period		1,926,461	1,021,172
Other comprehensive income:			
Total comprehensive income for the period/year		1,926,461	1,021,172

The notes on pages 12 to 25 form part of these financial statements.

VERMEG MANAGEMENT LIMITED
REGISTERED NUMBER:03224870

BALANCE SHEET
AS AT 30 DECEMBER 2018

	Note	30 December 2018 £	31 March 2018 £
Fixed assets			
Intangible assets	10	2,210	53,101
Tangible assets	11	230,490	422,013
Investments	12	18,109,118	18,109,118
		<u>18,341,818</u>	<u>18,584,232</u>
Current assets			
Debtors: amounts falling due within one year	13	24,332,263	19,433,000
Cash at bank and in hand	14	-	562,000
		<u>24,332,263</u>	<u>19,995,000</u>
Creditors: amounts falling due within one year	15	(4,330,977)	(2,113,589)
Net current assets		<u>20,001,286</u>	<u>17,881,411</u>
Total assets less current liabilities		<u>38,343,104</u>	<u>36,465,643</u>
Creditors: amounts falling due after more than one year	16	-	(49,000)
Net assets		<u>38,343,104</u>	<u>36,416,643</u>
Capital and reserves			
Called up share capital	17	2,452,000	2,452,000
Share premium account	18	21,037,381	21,037,381
Other reserves	18	7,546,000	7,546,000
Profit and loss account	18	7,307,723	5,381,262
Shareholders' funds		<u>38,343,104</u>	<u>36,416,643</u>

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

Kawther Zouari

Kawther Zouari
 Director
 Date: 5 June 2020

The notes on pages 12 to 25 form part of these financial statements.

VERMEG MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 DECEMBER 2018

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 April 2018	2,452,000	21,037,381	7,546,000	5,381,262	36,416,643
Profit for the period	-	-	-	1,926,461	1,926,461
Total comprehensive income for the period	-	-	-	1,926,461	1,926,461
Total transactions with owners	-	-	-	-	-
At 30 December 2018	2,452,000	21,037,381	7,546,000	7,307,723	38,343,104

The notes on pages 12 to 25 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2018

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 April 2017	2,433,000	20,620,381	7,489,000	4,330,090	34,872,471
Profit for the year	-	-	-	1,021,172	1,021,172
Share-based payment charge	-	-	87,000	-	87,000
Share options lapsed or exercised	-	-	(30,000)	30,000	-
Total comprehensive income for the year	-	-	57,000	1,051,172	1,108,172
Shares issued during the year	19,000	417,000	-	-	436,000
Total transactions with owners	19,000	417,000	-	-	436,000
At 31 March 2018	2,452,000	21,037,381	7,546,000	5,381,262	36,416,643

The notes on pages 12 to 25 form part of these financial statements.

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**

1. General information

Vermeg Management Limited 'the Company' is a private company limited by shares, registered, incorporated and domiciled in England and Wales, and incorporated in England. The company's registered office is 17 Bevis Marks, 3rd Floor, London, EC3A 7LN.

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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Vermeg N.V.

The results of Vermeg Management Limited are available from The Company Secretary, 17 Bevis Marks, 3rd Floor, London, EC3A 7LN.

Management have considered the potential impact of covid19 and do not consider it to affect the company's ability to continue as a going concern.

The following principal accounting policies have been applied:

2.2 Going concern

In considering the appropriate basis on which to prepare the financial statements, the directors are required to consider whether the company can continue in operational existence for the foreseeable future. At 30 December 2018 the company had net assets of £38.3m with overdrawn cash of £0.05m. The company has received confirmation from its immediate parent undertaking, Vermeg N.V., of its intention to continue to provide financial and other support to the extent necessary to enable the company to continue to pay its liabilities as and when they become due for a period not less than one year from the date of approval of these financial statements. The directors have therefore prepared the accounts on a going concern basis.

Management have considered the potential impact of covid19 and do not consider it to affect the company's ability to continue as a going concern.

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**

2. Accounting policies (continued)

2.3 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.4 Revenue

Revenue comprises fee recognised and invoiced to group companies in the period, net of value added tax and recognised when services are rendered.

2.5 Foreign exchange

Transactions in foreign currencies are translated into the functional currency of the individual entity at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-momentary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise.

2.6 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**

2. Accounting policies (continued)**2.7 Taxation**

Current tax is the tax currently payable based on taxable profit for the year using rates and laws enacted/substantively enacted at the reporting date.

Deferred taxes are calculated using the liability method on temporary differences using rates and laws enacted/substantively enacted at the reporting date. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. In addition, tax losses available to be carried forward are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income, except where they relate to items that are charged or credited directly to other comprehensive income or equity, in which case the related deferred tax is also charged or credited directly to other comprehensive income or equity.

2.8 Leased assets

The Company does not hold any finance leases.

All leases referred to are regarded as operating leases and the payments made under them are charged to the statement of comprehensive income on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

2.9 Tangible and intangible fixed assets

Depreciation is provided using the following rates and based so as to write off the cost or valuation and intangible fixed assets over their useful lives in the Company's business:

Computer software	50% to 100% straight line
Computer hardware	50% straight line
Fixtures, fittings and equipment	25% straight line

2.10 Investments in subsidiaries

Investments in subsidiaries are recorded at cost less any provision for permanent diminution in value.

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**

2. Accounting policies (continued)

2.11 Financial instruments

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. The Company's financial instruments comprise cash, amounts receivable from group companies and trade and other payables.

Loans and receivables

Loans and receivables are initially stated at their fair value plus transaction costs, then subsequently at amortised cost using the effective interest method, if applicable, less impairment losses.

Provisions against intra-group receivables are made when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write down is determined as the difference between the assets' carrying amount and the present value of the estimated future cash flows.

Cash and cash equivalents

The Company manages short-term liquidity through the holding of cash and highly liquid interest bearing deposits. Only deposits that are readily convertible into cash with maturities of three months or less from inception, with no penalty of lost interest, are shown as cash or cash equivalents.

Trade payables

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial liabilities are recorded at amortised cost using the effective interest method, with interest related charges recognised as an expense in profit or loss.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**

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

The Company's management makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a reasonable risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Goodwill and intangible asset impairment

An impairment loss is recognised if the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Deferred tax assets

The assessment of the probability of future taxable income on which deferred tax assets can be utilised is based on the Company's latest approved budget forecasts, which is adjusted for significant non-taxable income and expense. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in respect of the period for which future profits can be confidently foreseen. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

4. Turnover

Analysis of turnover by country of destination:

	9 months ending 30 December 2018 £	12 months ending 31 March 2018 £
United Kingdom	9,709,148	19,964,000
Rest of the world	1,156,994	-
	<u>10,866,142</u>	<u>19,964,000</u>

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**

5. Operating profit

The operating profit is stated after charging:

	9 months ending 30 December 2018 £	12 months ending 31 March 2018 £
Depreciation of tangible fixed assets	202,523	469,000
Amortisation of intangible assets, including goodwill	53,891	61,000
Foreign exchange loss/(gains)	(47,542)	(9,552)
Defined contribution pension cost	55,428	109,605
	<u>55,428</u>	<u>109,605</u>

6. Auditor's remuneration

	9 months ending 30 December 2018 £	12 months ending 31 March 2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	56,925	48,000
	<u>56,925</u>	<u>48,000</u>

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**

7. Employees

Staff costs were as follows:

	9 months ending 30 December 2018 £	12 months ending 31 March 2018 £
Wages and salaries	3,031,642	6,020,000
Social security costs	476,401	774,245
Cost of defined contribution scheme	55,428	109,605
	<u>3,563,471</u>	<u>6,903,850</u>

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

	9 months ending 30 December 2018 No.	12 months ending 31 March 2018 No.
	93	120

8. Interest payable and similar expenses

	9 months ending 30 December 2018 £	12 months ending 31 March 2018 £
Bank interest payable	27,029	58,000
	<u>27,029</u>	<u>58,000</u>

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**

9. Taxation

	9 months ending 30 December 2018 £	12 months ending 31 March 2018 £
Total current tax	-	-

Factors affecting tax charge for the period/year

The tax assessed for the period/year is different than (2018 - *is different than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	9 months ending 30 December 2018 £	12 months ending 31 March 2018 £
Profit on ordinary activities before tax	1,926,461	1,021,172
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	366,028	194,023
Effects of:		
Fixed asset differences	2,314	-
Expenses not deductible for tax purposes	125,027	(194,023)
Unrelieved tax losses carried forward	(611,719)	-
Deferred tax not recognised	118,350	-
Total tax charge for the period/year	-	-

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**

10. Intangible assets

	Computer software £
Cost	
At 1 April 2018	113,842
Additions - external	3,000
	<hr/>
At 30 December 2018	116,842
	<hr/>
Amortisation	
At 1 April 2018	60,740
Charge for the year	53,891
	<hr/>
At 30 December 2018	114,631
	<hr/>
Net book value	
At 30 December 2018	2,211
	<hr/> <hr/>
<i>At 31 March 2018</i>	53,101
	<hr/> <hr/>

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**

11. Tangible fixed assets

	Computer equipment £	Fixtures, fittings and equipment £	Total £
Cost or valuation			
At 1 April 2018	577,389	402,000	979,389
Additions	-	11,000	11,000
At 30 December 2018	577,389	413,000	990,389
Depreciation			
At 1 April 2018	377,376	180,000	557,376
Charge for the period on owned assets	126,112	76,411	202,523
At 30 December 2018	503,488	256,411	759,899
Net book value			
At 30 December 2018	73,901	156,589	230,490
At 31 March 2018	200,013	222,000	422,013

12. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2018	18,109,118
At 30 December 2018	18,109,118

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**

12. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Vermeg Systems Limited	UK	Software	Ordinary	100%
Vermeg Compliance Limited	UK	Software	Ordinary	100%
Vermeg International Limited	China	Software	Ordinary	100%
Vermeg Systems Inc	US	Software	Ordinary	100%
Vermeg International (USA) Inc	US	Software	Ordinary	100%
Vermeg International (Hong Kong) Limited	Hong Kong	Software	Ordinary	100%
Vermeg International (Singapore) Limited	Singapore	Software	Ordinary	100%
Lombard Risk Consultants Limited	UK	Software	Ordinary	100%
Lombard Risk Systems (Asia Pacific) Limited	Hong Kong	Dormant	Ordinary	100%
Lombard Risk Compliance Policies Limited	UK	Software	Ordinary	100%

13. Debtors

	30 December 2018 £	31 March 2018 £
Trade debtors	246,389	-
Amounts owed by group undertakings	23,855,669	18,848,000
Prepayments and accrued income	230,205	585,000
	<u>24,332,263</u>	<u>19,433,000</u>

The amounts due from subsidiary companies are due on demand. However, in the opinion of the Directors, it is unlikely that these amounts will be fully repaid within the next financial year.

14. Cash and cash equivalents

	30 December 2018 £	31 March 2018 £
Cash at bank and in hand	-	562,000

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**

15. Creditors: Amounts falling due within one year

	30 December 2018 £	31 March 2018 £
Bank overdrafts	47,427	-
Trade creditors	608,534	481,000
Amounts owed to group undertakings	2,221,285	-
Finance lease liabilities	-	73,000
Other creditors	3,834	-
Accruals and deferred income	1,449,897	1,559,589
	<u>4,330,977</u>	<u>2,113,589</u>

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

	30 December 2018 £	31 March 2018 £
Finance lease liabilities	-	49,000
	<u>-</u>	<u>49,000</u>

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**

17. Share capital

	30 December 2018 £	31 March 2018 £
Allotted, called up and fully paid		
404,434,819 (2018 - 404,434,819) Ordinary shares of £0.5p each	2,022,000	2,022,000
429,829,575 (2018 - 429,829,575) Deferred shares of £0.1p each	430,000	430,000
	2,452,000	2,452,000

The Deferred shares carry no rights to receive dividends or to participate in any profits of the Company. The shareholders are not entitled to attend any meetings of the Company or have any rights to participate in any return of capital (except on a winding up). The deferred shares are not transferable other than with the consent of all the Directors of the Company.

18. Reserves

Share premium and other reserves

Other reserves relate to negative goodwill arising on the acquisition of a subsidiary undertaking prior to 1 April 1997, merger reserve and share option reserve.

19. Related party transactions

As permitted by FRS 101 related party transactions with wholly owned members of the Lombard Risk Management plc group have not been disclosed. There were no other related party transactions.

20. Subsequent events

We are exposed to risks related to the recent outbreak of the Corona virus.

Governments in affected countries are imposing travel bans, quarantines, lockdown and other public safety measures. Those measures, though temporary in nature may continue and increase depending on the development of the virus outbreak.

We are monitoring closely the development of the situation and anticipating all actions to ensure the business continuity and mitigate the risks on our operations. In the meantime, we also focus on the safety and the wellbeing of our people and clients. All employees have been working from home for several months and this has proven to be very efficient.

The ultimate severity of the corona virus impact is uncertain at this time and therefore we cannot predict the impact it may have on our end markets and operations in 2020 and beyond.

Our cash forecast shows that there might be some decrease in turnover and consequently in cash receipts during the coming months. This potential shortage of cash has already been covered at the group level by extending credit lines with the banks and receiving loans from shareholders.

VERMEG MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2018**

21. Controlling party

As at 30 December 2018 the entire share capital of the Company was owned by Vermeg Group N.V., whose registered office is Strawinskylaan 411 WTC, Toer A, 4th Floor, Amsterdam, 1077, Netherlands.