

WREN MIDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended 31 March 2019



WREN MIDCO LIMITED

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WREN MIDCO LIMITED

Company Information

Directors	F Dekker S McMinnies
Registered number	09592383
Registered office	32 Crown Road Enfield England EN1 1TH
Independent auditor	Deloitte LLP Statutory Auditor Crawley RH10 9AD United Kingdom

WREN MIDCO LIMITED

Strategic Report For the Year Ended 31 March 2019

Introduction

The Directors present their Strategic Report for Wren Midco Limited ("the Company").

Business review

The Company is an intermediary holding company in a group of companies of which Wren Topco Limited is the ultimate parent company ("the Group"). The Company holds loan on behalf of the Group which are listed on the Channel Islands Stock exchange.

Future developments

It is intended that the Company remains as an intermediate holding company of the Group for the foreseeable future.

Principal risks and uncertainties

Given the simple nature of the Company's activities, the principal risks and uncertainties arising for the Company are linked to those of the group. Matters such as liquidity risk are managed on a Group basis and such risks and uncertainties are set out in the financial statements of Wren Topco Limited. Based on our current assessment of the impact of Brexit on the Company, in the event of the UK not securing a deal with the European Union we anticipate that there will not be a material impact on the Company.

Financial key performance indicators

The loss for the period was £1,822,595 (2018: £1,569,435).

The Directors do not consider it necessary to provide an analysis of performance using key performance indicators as the activity of the company which hold loan notes, is simple in its nature.

This report was approved by the Board of Directors on 26 September 2019 and signed on its behalf by



F Dekker
Director

WREN MIDCO LIMITED

Directors' Report For the Year Ended 31 March 2019

The Directors present their annual report and the audited financial statements for the year ended 31 March 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 FRS 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 of the company and of the 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Results and dividends

The loss for the period, after taxation, amounted to £1,822,595 (2018: £1,569,435).

The Directors do not propose the payment of a dividend (2018: £nil).

The Directors who served during the period and up to the date of approval of the financial statements were:

F Dekker
S McMinnies

Going concern

Wren Midco Limited is a subsidiary within the Wren Topco group ("the Group") and therefore the Directors consider that its financial position and forecast are inherently linked to that of the Group as whole.

The group posted a consolidated operating profit of £2,687,000 for the year to 31 March 2019 (2018: £1,008,000) and has net liabilities of £40,985,000 (2018: £28,396,000) and net current liabilities of £ 7,996,000 (2018 net current liabilities: £9,847,000). The Directors have considered the financial position of the Company and the Group and the Group's forecast and concluded that it is appropriate to prepare the financial statements on a going concern basis.

The Group has total available Asset Backed Lending ("ABL") facilities of £150m in addition to other sources of funds including shareholder debt. The Directors have considered the Group's board-approved forecasts which show that the Group will be able to operate within its currently available facilities for the 18 month period of the forecast to September 2020.

WREN MIDCO LIMITED

Directors' Report For the Year Ended 31 March 2019

Going concern (continued)

In reaching their decision to prepare the financial statements on a going concern basis, the Directors have considered the above factors in the context of the current economic climate. The Directors have also considered reasonably possible downside trading scenarios, and have identified mitigating actions that they would be able to implement to ensure that the Group is able to continue to operate within its existing banking facilities and covenant requirements for the forecast period. As a result, the financial statements have been prepared on a going concern basis. On the basis of this conclusion within the Group financial statements, the Directors consider that it is appropriate to prepare the financial statements of Wren Midco Limited on a going concern basis.

The Company is also in receipt of a letter of financial support from Wren Topco Limited.

Future developments are commented on in the Strategic Report.

Financial risk management

The Company holds and uses financial instruments to finance its operations. Interest rate risk is managed through fixed rate debt. Details of the Company's arrangements are contained in note 11 of the financial statements.

Qualifying third party indemnity provisions

The Company has granted an indemnity to one or more of its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

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 that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that 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's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with section 418 of the Companies Act 2006

Post balance sheet events

There have been no significant events affecting the Company since the period end.

This report was approved by the Board on 26 September 2019 and signed on its behalf by



F Dekker
Director

WREN MIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WREN MIDCO LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Wren Midco Limited (the 'company'):

- **give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;**
- **have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and**
- **have been prepared in accordance with the requirements of the Companies Act 2006.**

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 16.

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 (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, 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.

Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was the recoverability of debtors from group undertakings.
Materiality	The materiality that we used in the current year was £2.2m (2018: £2.0m) which was determined as 2% (2018: 2%) of total assets.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WREN MIDCO LIMITED (continued)

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:




- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Debtors from group undertakings	
Key audit matter description 	<p>Debtors from group undertakings are stated in the balance sheet at £108.2m (2018: £100.6m) being substantially all of the gross assets.</p> <p>There is a significant degree of judgement involved in determining the recoverability of these debtors from group undertakings based on the financial position and future prospects of the group undertakings. This takes into consideration a range of factors such as the trading performance of the group undertakings and the expected revenue growth.</p> <p>This has been disclosed within critical accounting estimates and judgements in note 3 and within the debtors notes 9 and 10 to the financial statements.</p>
How the scope of our audit responded to the key audit matter 	<p>We challenged the directors' judgements regarding the appropriateness of the carrying value through obtaining a copy of the latest audited financial information and our understanding of the future trading performance of the group undertakings by assessing the ability of the group undertakings to repay these amounts. We reviewed the historical accuracy of management forecasts and considered the impact on the assessment of recoverability.</p>
Key observations 	<p>Based on the work performed we concluded that debtors from group undertakings are appropriately stated.</p>

WREN MIDCO LIMITED

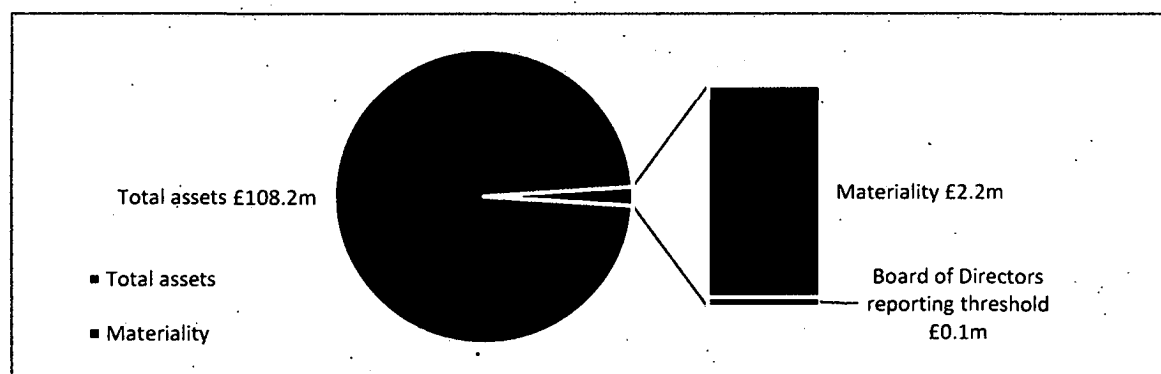
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WREN MIDCO LIMITED (continued)

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£2.2m (2018: £2.0m)
Basis for determining materiality	2% of total assets (2018: 2%)
Rationale for the benchmark applied	The purpose of the company within the group is to hold the external debt with the group's investors and it is non-trading. It is considered that total assets is the most appropriate basis for determining materiality since it is of most interest to the primary users of the financial statements.



We agreed with the Board of Directors that we would report to the Board all audit differences in excess of £0.1m (2018: £0.1m) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

WREN MIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WREN MIDCO LIMITED (continued)

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.

We have nothing to report in respect of these matters.

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.

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 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.

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.

WREN MIDCO LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WREN MIDCO LIMITED (continued)

Report on other legal and regulatory requirements

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 year 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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

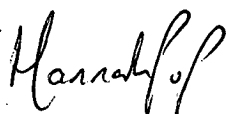
Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

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.



Hannah Pop FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Crawley, United Kingdom
26 September 2019

WREN MIDCO LIMITED

**Statement of Comprehensive Income
For the Year Ended 31 March 2019**

		2019	2018
	Note	£	£
Interest receivable	6	7,368,563	6,634,702
Interest payable	6	(9,191,158)	(8,156,404)
Loss before tax		(1,822,595)	(1,521,702)
Tax charge		-	(47,733)
Loss for the period		(1,822,595)	(1,569,435)
Total comprehensive loss for the year		(1,822,595)	(1,569,435)

There were no recognised gains and losses for the year ended 31 March 2019 other than those included in the Statement of Comprehensive Income.

The notes on pages 13 to 21 form part of these financial statements.

WREN MIDCO LIMITED**Registered number: 09592383****Statement of Financial Position
As at 31 March 2019**

	Note	2019	2018
		£	£
Non-current assets			
Investments	8	2	2
Debtors: amounts falling due after more than one year	9	78,307,039	70,938,476
Current assets			
Debtors: amounts falling due within one year	10	29,888,366	29,661,621
Total assets less current liabilities		108,195,405	100,600,099
Creditors: amounts falling due after more than one year	11	(88,287,757)	(78,869,856)
Net assets		19,907,648	21,730,243
Capital and reserves			
Called up share capital	13	25,210,349	25,210,349
Retained Earnings	14	(5,302,701)	(3,480,106)
Total Equity		19,907,648	21,730,243

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 26 September 2019 by



F Dekker
Director

The notes on pages 13 to 21 form part of these financial statements.

WREN MIDCO LIMITED

**Statement of Changes in Equity
For the Year Ended 31 March 2019**

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2017	25,210,349	(1,910,671)	23,299,678
Comprehensive loss for the year			
Loss for the year	-	(1,569,435)	(1,569,435)
Total comprehensive loss for the year	-	(1,569,435)	(1,569,435)
At 31 March 2018	25,210,349	(3,480,106)	21,730,243
Comprehensive loss for the year			
Loss for the year	-	(1,822,595)	(1,822,595)
Total comprehensive loss for the year	-	(1,822,595)	(1,822,595)
At 31 March 2019	25,210,349	(5,302,701)	(19,907,648)

WREN MIDCO LIMITED
Notes to the Financial Statements
For the Year Ended 31 March 2019

1. General information

Wren Midco Limited is an intermediate holding company in the Group.

The functional and presentational currency of the Company is GBP.

The Company is a private company limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 32 Crown Road, Enfield, England, EN1 1TH.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The Company meets the definition of a qualifying entity under FRS 101.

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 financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a wholly owned subsidiary of Wren Topco Limited and its results are included in the consolidated financial statements of that entity.

The following principal accounting policies have been applied:

2.2 Financial reporting standard (FRS) 101 - reduced disclosure exemptions

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

- 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;
- 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 of paragraph 17 of IAS 24 Related Party Disclosures; and
- 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.

Where relevant, equivalent disclosures have been given in the financial statements of Wren Topco Limited, refer to note 15.

2.3 Going concern

Wren Midco Limited is a subsidiary within the Wren Topco group ("the Group") and therefore the Directors consider that its financial position and forecast are inherently linked to that of the Group as whole.

WREN MIDCO LIMITED
Notes to the Financial Statements
For the Year Ended 31 March 2019

2. Accounting policies (continued)

2.3 Going concern (continued)

The group posted a consolidated operating profit of £2,687,749 for the year to 31 March 2019 (2018: £1,008,000) and has net liabilities of £40,985,000 (2018: £28,396,000) and net current liabilities of £7,996,000 (2018 net current liabilities: £9,847,000). The Directors have considered the financial position of the Company and the Group and the Group's forecast and concluded that it is appropriate to prepare the financial statements on a going concern basis.

The Group has total available Asset Backed Lending ("ABL") facilities of £150m in addition to other sources of funds including shareholder debt. The Directors have considered the Group's board-approved forecasts which show that the Group will be able to operate within its currently available facilities for the 18 month period of the forecast to September 2020.

In reaching their decision to prepare the financial statements on a going concern basis, the Directors have considered the above factors in the context of the current economic climate. The Directors have also considered reasonably possible downside trading scenarios, and have identified mitigating actions that they would be able to implement to ensure that the Group is able to continue to operate within its existing banking facilities and covenant requirements for the forecast period. As a result, the financial statements have been prepared on a going concern basis. On the basis of this conclusion within the Group financial statements, the Directors consider that it is appropriate to prepare the financial statements of Wren Midco Limited on a going concern basis.

The Company is also in receipt of a letter of financial support from Wren Topco Limited.

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 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.

2.6 Financial instruments

The Company uses certain financial instruments in its operating and investing activities that are deemed appropriate for its strategy and circumstances.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Company's financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to Group Undertakings, but also incorporate other types of contractual monetary assets.

2. Accounting policies (continued)

2.6 Financial instruments (continued)

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade debtors and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade debtors and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

2.7 Finance costs

Finance costs are charged to the 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.

2.8 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income statement, except that a change 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 operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but have not been reversed by the Statement of financial position 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 reporting date.

2.10 Changes in accounting policies

IFRS 9 'Financial Instruments' has been adopted in this financial year 2019. The revised standards replaces IAS 39 Financial Instrument: Recognitions and Measurement. IFRS 9 is dealing separately with the classification and measurement of financial assets, impairment and hedging. The cumulative impact on adoptions of the standard has not been material and therefore comparatives have not been adjusted.

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

The preparation of the Company's financial statements in conforming with FRS 101 requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts in the financial statements. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances. Information about such judgements and estimates is contained in the accounting policies to the financial statements and the key areas are summaries below. In the opinion of the directors there are no key sources of estimation uncertainty.

Critical accounting judgements

Assessing recoverability of intercompany receivables

Recoverability of intercompany receivables is considered by reference to the underlying performance of the counterparty and its subsidiaries. The Company has intercompany receivables of £108.2m (2018: £100.6m as disclosed within note 9 and 10).

WREN MIDCO LIMITED
Notes to the Financial Statements
For the Year Ended 31 March 2019

4. Auditor's remuneration

In relation to the statutory audit of the financial statements was £4,000 (2018: £4,000) and this has been borne by another group company.

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the Group financial statements of the parent company.

5. Employees

The Company has no employees other than the Directors, who did not receive any remuneration for the period (2018: none).

The remuneration arrangements of the Directors of the Company are disclosed in Notes 23 of the financial statements of Wren Topco Limited.

6. Finance costs (net)

	2019	2018
	£	£
Interest receivable and similar charges	7,368,563	6,634,702
Interest payable and similar charges	<u>(9,191,158)</u>	<u>(8,156,404)</u>
	<u>(1,822,595)</u>	<u>(1,521,702)</u>

WREN MIDCO LIMITED
Notes to the Financial Statements
For the Year Ended 31 March 2019

7. Tax

	2019	2018
	£'000	£'000
Corporation tax		
Current tax on profits for the year	-	-
Total current tax	-	-
Deferred tax		
Adjustments in respect of prior year	-	47,733
Total deferred tax	-	47,733
Tax charge on loss on ordinary activities	-	47,733

Factors affecting tax credit for the period

	2019	2018
	£	£
Loss on ordinary activities before tax	1,822,595	1,521,702
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	346,293	289,123
Effects of:		
Adjustments in respect of prior years	-	(47,733)
Expenses not deductible for tax purposes	(584,874)	(602,779)
Group relief	238,581	313,656
Total tax (charge)/credit for the period	-	(47,733)

Factors that may affect future tax charges

The July 2015 Budget Statement announced changes to the UK Corporation Tax regime which reduced the main rate of Corporation Tax to 19% from 1 April 2017 and 18% from 1 April 2020. The March 2016 Budget Statement announced a further change to the UK Corporation tax rate which will now reduce the main rate of corporation tax rate 17% from 1 April 2020.

As the changes have been substantively enacted at the Statement of Financial Position date their effects are included in these financial statements.

Accordingly, deferred taxation has been provided for at 17%.

WREN MIDCO LIMITED

Notes to the Financial Statements For the Year Ended 31 March 2019

8. Investments

	Investments in subsidiary undertakings £
Cost and net book value	
At 1 April 2018 and 31 March 2019	<u>2</u>

See note 16 for information relating to its subsidiaries.

9. Debtors due after more than one year

	2019 £	2018 £
Amounts owed by Group undertakings	<u>78,307,039</u>	<u>70,938,476</u>
	<u>78,307,039</u>	<u>70,938,476</u>

There is a loan facility agreement with another subsidiary of the Wren Topco Limited, with a coupon interest rate of 10% and repayment date of 20 August 2025.

10. Debtors due within one year

	2019 £	2018 £
Amounts owed by Group undertakings	<u>29,888,366</u>	<u>29,661,621</u>
	<u>29,888,366</u>	<u>29,661,621</u>

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

WREN MIDCO LIMITED**Notes to the Financial Statements
For the Year Ended 31 March 2019****11. Creditors: Amounts falling due after more than one year**

	2019	2018
	£	£
Loan Notes	88,287,757	78,869,856

The loan notes are listed on the Channel Islands Stock Exchange, were issued on 31 July 2015 and are unsecured. They have a coupon rate of 11% and a maturity date of 31 July 2025.

Analysis of the maturity of loans is given below:

	2019	2018
	£	£
Amounts falling due after more than 5 years		
Loan Notes	88,287,757	78,869,856

12. Deferred tax

	2019	2018
	£	£
At beginning of year	-	47,733
Charged to the statement of comprehensive income	-	(47,733)
At end of year	-	-

WREN MIDCO LIMITED

Notes to the Financial Statements For the Year Ended 31 March 2019

13. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
25,210,349 Ordinary shares of £1 each	25,210,349	25,210,349

14. Reserves

Retained earnings

Retained earnings represents the accumulated profits, losses and distributions of the Company for the year ended 31 March 2019. There were no distributions paid during this period (2018: none).

15. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Fork Rent Limited (formerly Wren Rollco Limited).

The ultimate parent undertaking and the smallest and largest company to prepare consolidated financial statements which include this Company is Wren Topco Limited. These financial statements can be obtained from 32 Crown Road, Enfield, EN1 1TH, which is also the registered address of Wren Topco Limited.

The ultimate controlling party is SCP WRN Acquisition Lux SARL ("SCP"), a company incorporated in Luxembourg.

16. Subsidiary undertaking

The following are subsidiary undertakings of the Company:

Direct subsidiary undertaking

Name	Country of incorporation	Class of shares	Holding	Principal activity
Wren Buyerco Limited	England **	Ordinary	100 %	Intermediate holding company

Indirect subsidiary undertakings

Name	Country of incorporation	Class of shares	Holding	Principal activity
Ardent Hire Solutions Limited	England **	Ordinary	100%	Plant hire

** Registered office 32 Crown Road, Enfield, England, EN1 1TH.