Registration number: 09790550

P.I.G. Holdings Limited

Annual report and financial statements

for the period ended 31 December 2019

P.I.G. Holdings Limited

Contents

	Page
Company information	1
Strategic report	2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5
Income statement	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10

P.I.G. Holdings Limited

Company information

Directors	RA Winslow JYK Wong
Registered Office	5th floor The Shipping Building Old Vinyl Factory Hayes Middlesex UB3 1HA
Independent Auditor	Ernst & Young LLP Apex Plaza, Forbury Road, Reading RG1 1YE

Strategic report
For the period ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019. The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activity

The company is an intermediate holding company. The subsidiary undertakings provide web hosting and network services and issue internet domain names to customers ranging from private individuals to large corporations.

Results and dividends

The loss for the year after taxation amounted to £675,000 (31 December 2018 – loss of £669,000). The directors do not recommend the payment of a dividend (2018 - £Nil).

Key performance indicators

The company's principal key performance indicator is the comparison between the carrying value of its investments against the position and performance of these investments. At 31 December 2019, the company's investments had a carrying value of £15.4m (December 2018: £15.4m).

Management reviewed the value of investments at 31 December 2019 based on the subsidiaries' position and current and projected performance and concluded no impairment to the carrying values was required.

Principal risks and uncertainties

As an intermediate parent company, the principal risk that the company faces are that the carrying value of its investments in subsidiaries is not fully recoverable.

Management regularly monitors the carrying value of the company's investments against the position and performance of its subsidiaries to ascertain whether there are any indicators for potential impairments.

Key risks facing the subsidiaries are credit risk and liquidity risk.

Going concern

The company has net liabilities of £3.0m (2018 - £2.3m) as set out in the statement of financial position on page 8.

In assessing whether the going concern basis is appropriate, the directors take into account all available information about the future, which is at least, but is not limited to, 12 months from the date of approval of these financial statements. The directors have performed this review at a company level and have also performed a review for the entire group including considering the impact of COVID-19 and have concluded that it does not impact the going concern of the business and the directors are satisfied that GoDaddy Inc. has sufficient ability to fulfil its obligations under the parental support arrangement based on the available resources and continued strong performance during the pandemic.

In making this conclusion, the directors have considered the letter of support the company received from GoDaddy Inc. confirming that it will provide financial support as needed for a period of at least twelve months from the date of approval of these financial statements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future due to the ongoing financial results of the parent company which are publicly available. The directors noted GoDaddy Inc. continues to be cash generative and had cash and cash equivalents of over $620m, has no significant debt maturities until 2024 and has an undrawn $600m revolving credit facility available as at 30 September 2020, being the latest publicly available information shared by GoDaddy Inc.

Thus, they continue to adopt the going concern basis in preparing these financial statements.

Future developments

The company intends to continue its activity as an intermediate holding company.

Approved by the Board on 6 November 2020 and signed on its behalf by:

JYK Wong
Director

P.I.G. Holdings Limited

Directors' report
For the year ended 31 December 2019

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2019. The Directors have addressed principle risks and uncertainties and key performance indicators in the Strategic report.

In accordance with s414(c) of the Companies Act 2006, the directors have opted to include the following areas of importance in their strategic report:

- Results
- Future Developments
- Principal Risks and Uncertainties

Directors

The directors, who served throughout the period and up to the date of signing of these financial statements, were as follows:

RA Winslow

JYK Wong

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as he/she is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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 the provisions of s418 of the Companies Act 2006.

Approved by the Board on 6 November 2020 and signed on its behalf by:

JYK Wong
Director

Directors' responsibilities statement

The directors are responsible for preparing the annual report including the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare such financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has 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.

Independent auditor's report to the members of P.I.G. Holdings Limited

Opinion

We have audited the financial statements of P.I.G. Holdings Limited for the year ended 31 December 2019 which comprise the Income Statement, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 14, 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 FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice)".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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 directors' report have been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of P.I.G. Holdings Limited (continued)

Matters on which we are required to report by exception

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 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 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

As explained more fully in the directors' responsibilities statement set out on page 4, 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 https://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

Sandra Thompson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading

Date: 6th November 2020

P.I.G. Holdings Limited

Income statement
For the year ended 31 December 2019

	Note	**Year ended 31 December 2019 £ 000**	Year ended 31 December 2018 £ 000
Administrative expenses		(7)	(1)
Operating loss	5	(7)	(1)
Finance costs	7	**(668)**	(668)
Loss before tax		**(675)**	(669)
Tax on loss on ordinary activities	8	**-**	-
Loss for the period		**(675)**	(669)

The above results were derived from continuing operations.

The company has no recognised gains or losses for the period other than the results above. Therefore, no statement of comprehensive income has been presented.

P.I.G. Holdings Limited

Statement of financial position
As at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Investments in subsidiaries	9	**15,448**	15,448
Trade and other payables	10	**(18,471)**	(17,796)
Net liabilities		**(3,023)**	(2,348)
Capital and reserves			
Called-up share capital	11	**-**	-
Share Premium	12	**250**	250
Retained deficit	12	**(3,273)**	(2,598)
Total shareholder's deficit		**(3,023)**	(2,348)

The financial statements of P.I.G. Holdings Limited (registration number: 09790550) were approved by the Board and authorised for issue on 6 November 2020.

They were signed on its behalf by:

JYK Wong

Director

P.I.G. Holdings Limited

Statement of changes in equity
For the period ended 31 December 2019

	Called-up share capital £ 000	Share Premium £ 000	Retained deficit £ 000	Total Shareholder's Deficit £ 000
At 1 January 2018	-	250	(1,929)	(1679)
Loss for the period	-	-	(669)	(669)
At 31 December 2018	-	250	(2,598)	(2,348)
Loss for the period	-	-	(675)	(675)
At 31 December 2019	**-**	**250**	**(3,273)**	**(3,023)**

Notes to the financial statements
For the year ended 31 December 2019

1. General information

P.I.G. Holdings Limited (the company) is a private company limited by shares incorporated in England and Wales and domiciled in the United Kingdom under the Companies Act.

The address of its registered office is:

5th floor, The Shipping Building
Old Vinyl Factory
252-254 Blyth Road
Hayes
Middlesex, UB3 1HA

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates. Pounds sterling is also the functional currency of the company. Amounts are presented rounded to the nearest thousand.

These financial statements are separate financial statements.

The company meets the Company's Act 2006 section 400 criteria required to be exempt from the requirement to present consolidated accounts. In line with s400 2(a), the company is included in the 31 December 2019 group accounts of GoDaddy Inc. GoDaddy Inc. is a public company incorporated in the United States and listed on the NYSE. The group accounts of GoDaddy Inc. are available to the public and can be obtained as set out in note 13.

Summary of disclosure exemptions

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

i) the requirements of paragraph 17 of IAS 24 Related Party Disclosures
ii) 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
iii) the requirements of IAS 7 Statement of Cash Flows
iv) the requirements of paragraphs 45b and 46-52 of IFRS 2 Share Based Payment because the share based payment arrangement concerns the instruments of another group entity
v) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
vi) 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 and paragraph 73(e) of IAS 16 Property, Plant and Equipment
vii) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 Presentation of Financial Statements
viii) the requirements of paragraph 30 and 31 of IAS 8 Accounting Polices, Changes in Accounting Estimates and Errors
ix) the requirements of IFRS 7 Financial Instruments: Disclosures
x) the requirements of paragraphs 6 and 21 of IFRS 1 First-time Adoption of International Financial Reporting Standards
xi) the requirements of paragraph 52, second sentence of paragraph 89 and paragraph 90,91 and 93 of IFRS 16 in respect of leases.

Where relevant, equivalent disclosures have been given in the group accounts of GoDaddy Inc..

Notes to the financial statements
For the year ended 31 December 2019

1. General information (continued)

Going concern
The company has net liabilities of £3.0m (2018 - £2.3m) as set out in the statement of financial position on page 8.

In assessing whether the going concern basis is appropriate, the directors take into account all available information about the future, which is at least, but is not limited to, 12 months from the date of approval of these financial statements. The directors have performed this review at a company level and have also performed a review for the entire group including considering the impact of COVID-19 and have concluded that it does not impact the going concern of the business and the directors are satisfied that GoDaddy Inc. has sufficient ability to fulfil its obligations under the parental support arrangement based on the available resources and continued strong performance during the pandemic.

In making this conclusion, the directors have considered the letter of support the company received from GoDaddy Inc. confirming that it will provide financial support as needed for a period of at least twelve months from the date of approval of these financial statements. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future due to the ongoing financial results of the parent company which are publicly available. The directors noted GoDaddy Inc. continues to be cash generative and had cash and cash equivalents of over $620m, has no significant debt maturities until 2024 and has an undrawn $600m revolving credit facility available as at 30 September 2020, being the latest publicly available information shared by GoDaddy Inc.

Thus, they continue to adopt the going concern basis in preparing these financial statements.

2. Adoption of new and revised Standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year.

New and amended standards and interpretations
The company applied for the first-time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2019. The company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each amendment is described below:

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, and it applies, with limited exceptions, to all contracts that conveys the right to use an asset for a period of time in exchange for consideration.

IFRS 16 requires lessees to recognise right of use assets and lease liabilities on statement of financial position for all leases, except short-term leases. At commencement for the lease, the liability equals the present value of future lease payments, and the right of use asset equals the lease liability, adjusted for payments already made, lease incentives, initial direct costs and any provisions for dilapidation costs.

In addition, the standard requires extensive disclosures. The Company adopted IFRS 16 using the modified retrospective (cumulative effect) method of adoption meaning comparative figures have remained unchanged.

The application of IFRS 16 has not led to any material adjustments to the financial statements for either the current or prior year and therefore no disclosures on the effect of the adoption of IFRS 16 are provided.

Notes to the financial statements
For the period ended 31 December 2019

3. Accounting policies

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of accounting

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Finance costs

Finance costs are charged to the income statement over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Finance costs include issue costs, which are initially recognised as a reduction in the proceeds of the associated capital instrument.

Tax

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax is recognised on an undiscounted basis.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

3. Accounting policies (continued)

Current and deferred tax for the year

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the company operates (its functional currency).

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

Development costs

External development costs are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives once the asset has entered use.

Impairment of tangible and intangible assets

At each statement of financial position date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the financial statements
For the period ended 31 December 2019

3. Accounting policies (continued)

Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss; and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss or at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the group's business model is achieved both by collecting contractual cash flows and selling financial assets.

(b) Financial assets at amortised cost

- The company classifies its financial assets as at amortised cost only if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

(c) Financial assets at fair value through profit or loss

The following financial assets are classified at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost (see note (a) and (b) above)
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Impairment of financial assets

Assets carried at amortised cost

The company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. Refer to Trade and other receivables note below.

Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Notes to the financial statements
For the period ended 31 December 2019

3. Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement. The original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

4. Critical accounting judgements and key source of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgements about the carrying value of assets and liabilities that are not readily apparent from other sources.

The Directors do not believe there are any critical accounting judgements in preparing the financial statements. The key exposure to estimation uncertainty lies in the determination of whether an impairment of investments exists and the measurement of the future performance of the subsidiaries upon which the discounted cash flow models rely.

The company's principal key performance indicator is the comparison between the carrying value of its investments against the position and performance of these investments. Management reviewed the value of investments at 31 December 2019 based on the subsidiaries' position and current and projected performance. There appears to be no impairment to the carrying values required.

5. Operating Loss

Fees payable to the auditors and their associates for the audit of the company's annual accounts were £9,000 (2018 - £12,000).

There were no fees payable to the auditors Ernst & Young LLP and their associates for non-audit services to the company.

6. Directors' remuneration

The directors received no remuneration from P.I.G. Holdings Limited for the year ended 31 December 2019 nor for the year ended 31 December 2018. All directors are employed by GoDaddy group companies and their services as directors are incidental to their employment. Consequently, they do not receive emoluments for their services as directors of this company.

7. Finance costs

	Year ended 31 December 2019 £ 000	Year ended 31 December 2018 £ 000
Interest on group loans	**668**	668

8. Tax on profit on ordinary activities

The tax on loss before tax for the year is higher (2018: higher) than the standard rate of corporation tax in the UK of 19% (2018: 19%).

The result for the period can be reconciled to the loss in the income statement as follows:

	Year ended 31 December 2019 £ 000	Year ended 31 December 2018 £ 000
Loss before tax	**(675)**	(669)
Corporation tax at standard rate (19%)	**(128)**	(127)
Group relief surrendered	**128**	127
Tax result for the period	**-**	-

The future tax charge will be reduced to below the UK standard rate by the availability of tax losses.

As of 31 December 2019, the company has unused tax losses of £169,000 (2018: £169,000). A potential deferred tax asset of £29,000 (2018: £29,000) in relation to these unrelieved losses has not been recognized.

A change to the main UK corporation tax rate announced in the Budget on 11 March 2020 was substantively enacted for IFRS and UK GAAP purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. The likely effect of the rate change is to increase future deferred tax liabilities and assets.

Notes to the financial statements
For the period ended 31 December 2019

9. Investment in subsidiaries

	£ 000
Cost At 31 December 2019, 31 December 2018 and 1 January 2018	15,448

P.I.G. Holdings Limited or its wholly-owned subsidiaries own 100% of the ordinary share capital and voting rights of the following companies, all of which are incorporated in England and Wales except where noted below:

Name	Registered office	Principal activity
Directly held		
Paragon Internet Group Limited		Telecommunications
Indirectly held		
Compila Limited		Dormant
Dataflame Internet Services Limited		Dormant
Elastichosts Limited		Telecommunications
Identisafe Limited		Dormant
Identity Protect Limited		Dormant
GoDaddy Bulgaria EOOD	a	Telecommunications
Thermal Degree Limited		Dormant
Swarma Limited		Dormant
UK Webhosting Ltd		Dormant
5quidhost Ltd	b	Dormant

Registered Office

Unless otherwise referenced the registered office of the company's subsidiaries is: 252-254 Blyth Road, 5th Floor, The Shipping Building, Old Vinyl Factory, Hayes, Middlesex, England, UB3 1HA.

a) Capital Fort, 90 Tzarigradsko shose Blvd, Sofia, Bulgaria

b) 272 Bath Street, Glasgow, Scotland, G2 4JR

Notes to the financial statements
For the period ended 31 December 2019

10. Trade and other payables

	2019 £ 000	2018 £ 000
Amounts owed to other group companies	**18,471**	17,796

Amounts owed to other group companies incur interest at a rate of 5.39% per annum and are repayable on demand.

11. Called-up share capital

Allotted, called-up and fully paid shares

	2019 number	2019 £	2018 number	2018 £
Ordinary shares of £1 each	**16**	**16**	16	16
A Participation shares	**2**	**2**	2	2
B Participation shares	**2**	**2**	2	2
	20	**20**	20	20

There is only one shareholder of all ordinary shares and is entitled to one vote for every share.

The ordinary shares have no entitlement to dividends except with special approval, until the group sells all or part of its operating business.

A and B participation shares are voting shares and shall rank pari passu in respect of all voting rights. The holders of the A and B participation shares shall have no fixed entitlement to a dividend but shall be entitled to such dividend as the directors may specifically declare in respect of the participating shares. In the event of an exit the following rules apply: in the event of a sale or an IPO (each defined in the articles), or of an IPO in the shares in Paragon Internet Group Limited ("Paragon") or the sale of a controlling stake in Paragon then the holders of the ordinary shares (pro-rata to their respective holdings) shall purchase and the holders of the A and B participation shares shall sell the participation shares, with full title guarantee and free from encumbrances, for the participation amount. In the event of an IPO in the shares of P.I.G. holdings limited then the holders of the A and B participation shares shall enter into such reorganisation of the share capital of the company as they may agree, to ensure that the participation amount is allocated to the Holders of the participation shares and the balance of the value is allocated to the holders of the ordinary shares. In the event of the sale of a controlling stake in P.I.G. Holdings Limited then, notwithstanding anything to the contrary in the terms of such exit transaction, the holders of the A and B participation shares shall be entitled to receive the participation amount, and the holders of the ordinary shares shall be entitled to the balance of the proceeds. In the event that a holder of the A or B participation shares becomes a competing leaver, the holders of the ordinary shares shall purchase and the holders of the A and B participation shares shall sell the participation shares, with full title guarantee and free from encumbrances, at an aggregate price of one pound sterling.

The participation amount shall be allocated to the holders of the A participation shares and the B participation shares according to the following percentages: per A participation share: 40% per B participation share: 10% in the event of the winding up of the company, or on any return of capital of the company (on liquidation or otherwise), the holders of the A and B participation shares shall be entitled, in priority to the holders of the ordinary shares, to the participation amount. Upon receipt of the participation amount, the A and B participation shareholders shall have no further rights to participate in any of the assets of the company. Other than the circumstances as specified above, the A and B participation shares are non-redeemable.

Notes to the financial statements
For the period ended 31 December 2019

12. Reserves

Share premium

This represents amounts paid in excess of the par value of ordinary shares.

Retained earnings

The retained earnings account represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

13. Immediate and ultimate parent company and controlling party

The immediate parent company during the period ended 31 December 2019 was Host Europe Group Limited, a company incorporated in England and Wales.

The ultimate parent company is GoDaddy Inc., a company incorporated in the United States of America and publicly listed on the NYSE, which is the parent company of the smallest and largest group to consolidate these financial statements.

The consolidated financial statements of GoDaddy Inc. are publicly available on the GoDaddy website (investors.godaddy.net).

GoDaddy Inc. is also the ultimate controlling party.

14. Post balance sheet events

During Q1 2020, the emergence of the coronavirus (COVID-19), the outbreak of which has been classified as a pandemic by the World Health Organization, swept the globe and has resulted in severe business disruption within certain industries as well as significant volatility within the financial markets. Many countries have required companies to limit or suspend business operations altogether; in addition, countries have implemented various forms of lockdown requirements and travel restrictions on their citizens. As a result, certain industries, notably tourism, hospitality, transportation, retail, entertainment, and manufacturing, have been significantly impacted. The transition to working from home impacted our Customer Care team's productivity relatively significantly and they took several weeks more to migrate compared to the other functions which adapted quickly. We have not experienced or are expecting any issues with our key suppliers, who in the main deliver their services online. The closures created by the pandemic have brought awareness to the importance of maintaining a digital presence through e-commerce, websites, and social engagement, which we believe may have a mitigating effect, and we have seen strong new customer sales growth over the lockdown period. At this time, it remains too early to evaluate what the ultimate duration/impact of the pandemic will be and when economic recovery will begin. Our experience from the previous recession shows that we were still able to achieve higher cumulative sales growth, and we believe this is due to the entirely digital provision of our services, the increasing importance of having an online sales channel for our customers, and our subscription sales model. We continue to be profitable and cash generative, and have therefore not needed to furlough any of our employees or apply for any government financial support.

The directors do not believe that there is need for an impairment on investments in the subsequent events period (or any other impact on asset values).

The impact of the COVID-19 pandemic on the Company's operations and trading is discussed in the Strategic Report and Note 1 to the financial statements on page 2 and 11 respectively.