
VISTRA INTERNATIONAL EXPANSION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

VISTRA INTERNATIONAL EXPANSION LIMITED

COMPANY INFORMATION

Directors	P J Cooper P Doyle B A Gowdy A H Norton (resigned 10 September 2019) D Rudge (resigned 24 August 2020) J A Burgoyne (appointed 24 August 2020)
Company secretary	Accomplish Secretaries Limited
Registered number	09959976
Registered office	Highlands House Basingstoke Road Spencers Wood Reading Berkshire RG7 1NT
Independent auditor	Mazars LLP Chartered Accountants and Statutory Auditor Merck House Seldown Lane Poole Dorset BH15 1TW

VISTRA INTERNATIONAL EXPANSION LIMITED

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VISTRA INTERNATIONAL EXPANSION LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The directors present the Strategic Report of Vistra International Expansion Limited (the "Company") for the year ended 31 December 2019, including an assessment of the risks affecting the Company.

Business review

The Company's principal activity during the year continues to be that of providing global corporate services including: administration, accounting, payroll and taxation services to corporate clients. The Company grew its turnover in the year by 19.8% to £15,997,279 whilst increasing its gross profit by 11.3%. The EBITDA has increased from £187K in 2018 to £1,790k in 2019 reflecting the strong performance of the Company in 2019.

The Company intends to continue its growth during 2020 and beyond.

Going concern

The Company has received a letter from Vistra Group Holdings (BVI) III Limited, the Company's ultimate parent, confirming continued financial support will be provided for a period of at least until 12 months from the signing of the statutory financial statements. The Directors are satisfied that Vistra Group Holdings (BVI) III Limited has sufficient resources available to provide this support.

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organisation has declared the outbreak to constitute a "Public Health Emergency of International Concern". The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries.

Thus far, the Directors have not observed any material impact on going concern status due to COVID-19. Revenue and profits are ahead of the 2020 budget that was set in September 2019 and also ahead of the results for the year to 31 December 2019. The Company has not needed to furlough staff or require any additional funding since the start of the Pandemic.

The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future and thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Principal risks and uncertainties

The Company is subjected to the following risks and uncertainties

Foreign currency risk

Due to the international nature of the Company's clients and service providers the Company is exposed to foreign currency exchange risks which it manages wherever possible to reduce its exposure to losses in respect of currency movements.

Credit risk

The Company's activities expose it to credit risk from trade receivables and has implemented strong controls to manage and mitigate this risk.

Liquidity risk

In order to ensure that the Company maintains sufficient liquidity to fund its operations it manages and ensures that all necessary funds are available.

'Brexit' risk

On 23 June 2016, the UK had a referendum on its membership within the European Union and decided to leave the European Union.

The process is ongoing and the final outcome of the negotiations is unclear. The Directors have considered the likely potential effect of Brexit on the Company's forecast operating performance. Whilst Brexit might cause some issues within our client base and some clients have modified their business activities to take account of the possible impact of Brexit it is not anticipated that it will have a material effect on the future revenue or profitability of the Company.

Financial key performance indicators

The Company's key performance indicators are as noted above revenue growth, gross profit and additionally EBITDA which have all improved during the year.

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

P Doyle

Director

Date: 30 December 2020

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report and the financial statements for the year ended 31 December 2019.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Company's financial statements and then apply them consistently;
- make judgements 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £662,899 (2018 - loss £1,938,996).

Directors

The directors who served during the year were:

P J Cooper
P Doyle
B A Gowdy
A H Norton (resigned 10 September 2019)
D Rudge (resigned 24 August 2020)

Future developments

The Company expects to continue to grow in 2020 and beyond.

VISTRA INTERNATIONAL EXPANSION LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Post balance sheet events

Since the year end, the world has been facing the ongoing impact of the COVID-19 pandemic. This is a nonadjusting post balance sheet event. There were no events subsequent to the balance sheet date that have

required adjustment to or disclosure in the financial statements. Further details can be found in note 26.

Auditor

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

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

P Doyle

Director

Date: 30 December 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VISTRA INTERNATIONAL EXPANSION LIMITED

Opinion

We have audited the financial statements of Vistra International Expansion Limited (the 'Company') for the year ended 31 December 2019, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the 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. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the Directors' view on the impact of the COVID-19 as disclosed on page 1 and the consideration in the going concern basis of preparation on page 13 and non-adjusting post balance sheet events on page 29.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19, the potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The impact of COVID-19 continues to evolve and, based on the information available at this point in time, the directors have assessed the impact of COVID-19 on the business and have concluded that COVID-19 is a non-adjusting post balance sheet event and that adopting the going concern basis for preparation of the financial statements is appropriate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VISTRA INTERNATIONAL EXPANSION 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.

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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VISTRA INTERNATIONAL EXPANSION 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 the Directors' Report.

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

- adequate accounting records have not been kept, 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 on page 3, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VISTRA INTERNATIONAL EXPANSION LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

Stephen Mills (Senior Statutory Auditor)

for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

Merck House
Seldown Lane
Poole
Dorset
BH15 1TW

31 December 2020

VISTRA INTERNATIONAL EXPANSION LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover	4	15,997,279	13,356,429
Cost of sales		(11,005,828)	(8,854,135)
Gross profit		4,991,451	4,502,294
Administrative expenses		(5,501,094)	(6,591,693)
Operating loss	5	(509,643)	(2,089,399)
Interest payable and similar expenses	9	(2,580)	(2,470)
Loss before tax		(512,223)	(2,091,869)
Tax on loss	10	(150,676)	152,873
Loss for the financial year		(662,899)	(1,938,996)

There were no recognised gains and losses for 2019 or 2018 other than those included in the profit and loss account.

The notes on pages 12 to 28 form part of these financial statements.

All results derive from continuing operations.

VISTRA INTERNATIONAL EXPANSION LIMITED
REGISTERED NUMBER: 09959976

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	11	12,476,575	14,691,953
Tangible assets	12	91,946	104,528
Investments	13	1,700	1,700
		<u>12,570,221</u>	<u>14,798,181</u>
Current assets			
Debtors: amounts falling due within one year	14	5,654,819	4,597,957
Cash at bank and in hand	15	1,534,218	870,539
		<u>7,189,037</u>	<u>5,468,496</u>
Creditors: amounts falling due within one year	16	(23,184,317)	(22,924,620)
Net current liabilities		<u>(15,995,280)</u>	<u>(17,456,124)</u>
Total assets less current liabilities		<u>(3,425,059)</u>	<u>(2,657,943)</u>
Provisions for liabilities			
Deferred tax	18	(607,491)	(711,708)
		<u>(607,491)</u>	<u>(711,708)</u>
Net liabilities		<u>(4,032,550)</u>	<u>(3,369,651)</u>
Capital and reserves			
Called up share capital	19	1	1
Profit and loss account	20	(4,032,551)	(3,369,652)
		<u>(4,032,550)</u>	<u>(3,369,651)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 December 2020.

P Doyle
Director

The notes on pages 12 to 28 form part of these financial statements.

VISTRA INTERNATIONAL EXPANSION LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018	1	(1,430,656)	(1,430,655)
Comprehensive income for the year			
Loss for the year	-	(1,938,996)	(1,938,996)
At 1 January 2019	1	(3,369,652)	(3,369,651)
Comprehensive income for the year			
Loss for the year	-	(662,899)	(662,899)
At 31 December 2019	1	(4,032,551)	(4,032,550)

The notes on pages 12 to 28 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

Vistra International Expansion Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act.

The Company is a private Company limited by shares and is registered in England and Wales. The Company's registered office is Highlands House, Basingstoke Road, Spencers Wood, Reading, Berkshire, RG7 1NT.

The principal activity of the Company was that of global corporate service provider of administration, accounting, payroll and taxation services to corporate clients.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Vistra Group Holdings (BVI) III Limited as at 31 December 2019 and these financial statements may be obtained from Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its ultimate parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

Vistra Group Holding (BVI) III Limited is the parent undertaking of the smallest and largest of the group undertakings to consolidate these financial statements as at 31 December 2019. The consolidated financial statements of Vistra Group Holdings (BVI) III Limited can be obtained from Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

2.4 Going concern

The financial statements have been prepared on a going concern basis of accounting.

Earnings before income taxes, depreciation and amortisation for the year was £1,789,437 (2018: £187,048). EBITDA is a better performance indicator of the financial strength and profitability of the Company given the large non cash adjustments (depreciation and amortisation) in the year. Cash generation was positive for 2019 and 2018 and supports the continuation of the business.

Forecasts have been prepared which project future profitability and positive cashflow.

The Directors have received a letter confirming continued financial support from Vistra Group Holdings (BVI) III Limited, the Company's ultimate parent.

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organisation has declared the outbreak to constitute a "Public Health Emergency of International Concern". The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries.

Thus far, the Directors have not observed any material impact on going concern status due to COVID-19. Revenue and profits are ahead of the 2020 budget that was set in September 2019 and also ahead of the results for the year to 31 December 2019. The Company has not needed to Furlough staff or require any additional funding since the start of the Pandemic.

The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

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

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

2.7 Operating leases: the Company as lessee

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.8 Dividend income

Dividend income is accounted for when declared and receivable by the Company.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

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

2.11 Pensions

Defined contribution pension plan

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

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

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet 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 not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.13 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and Loss Account over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	8 to 10 years
Brand name & customer relationships	-	8 to 10 years

2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Short-term leasehold property	- remaining term of the lease
Fixtures and fittings	- 3 years
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.16 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.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.20 Financial Instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements (other than those involving estimates) that have a significant impact on the amounts recognised and to make estimates and assumptions of the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Carrying value of goodwill and other intangibles

The directors have exercised key judgement in estimating the useful economic life of goodwill and other intangibles. In making its judgements management considered the detailed criteria for the valuation of goodwill and other intangibles set out in FRS 102 Section 18 Intangible Assets other than Goodwill and Section 19 Business Combinations and Goodwill.

Key source of estimation uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Rendering of services	15,997,279	13,356,429
	<u>15,997,279</u>	<u>13,356,429</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	6,074,729	6,473,155
Rest of the world	9,922,550	6,883,274
	<u>15,997,279</u>	<u>13,356,429</u>

VISTRA INTERNATIONAL EXPANSION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Operating loss

The operating loss is stated after charging/(crediting):

	2019 £	2018 £
Exchange differences	35,408	(910)
Other operating lease rentals	<u>300,761</u>	<u>203,467</u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>31,600</u>	<u>37,500</u>

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.

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	4,181,034	4,314,096
Social security costs	358,673	369,529
Cost of defined contribution scheme	112,635	114,953
	<u>4,652,342</u>	<u>4,798,578</u>

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

	2019 No.	2018 No.
Directors	5	5
Accounting	43	51
HR & payroll	14	15
Finance	3	3
Admin	8	7

VISTRA INTERNATIONAL EXPANSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	171,332	145,505
	<u>171,332</u>	<u>145,505</u>

Fees for directors services to Vistra International Expansion Limited were also paid by Nortons Services - General Limited. These fees amounted to £nil (2018: £48,083)

9. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	110	-
Finance leases and hire purchase contracts	2,470	2,470
	<u>2,580</u>	<u>2,470</u>

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	254,893	81,748
Adjustments in respect of previous periods	-	(60,967)
	<u>254,893</u>	<u>20,781</u>
Total current tax	<u>254,893</u>	<u>20,781</u>
Deferred tax		
Origination and reversal of timing differences	(104,217)	(173,654)
	<u>(104,217)</u>	<u>(173,654)</u>
Total deferred tax	<u>(104,217)</u>	<u>(173,654)</u>
Taxation on profit/(loss) on ordinary activities	<u>150,676</u>	<u>(152,873)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(512,223)</u>	<u>(2,091,869)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	(97,322)	(397,455)
Effects of:		
Expenses not deductible for tax purposes	302,044	300,600
Adjustments to tax charge in respect of prior periods	3,431	(89,624)
Short term timing difference leading to an increase (decrease) in taxation	12,664	14,325
Withholding tax not recovered	35,030	19,281
Group relief charge/(credit)	(105,171)	-
Total tax charge/(credit) for the year	<u><u>150,676</u></u>	<u><u>(152,873)</u></u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% was substantively enacted in September 2016 to be effective from 1 April 2020. Deferred tax amounts at the balance sheet date have been measured using this enacted tax rate of 17% and reflected in these financial statements.

However, subsequent to the year end, a measure was enacted which sets the Corporation Tax main rate

at 19% for the financial year beginning 1 April 2020. This maintains the rate at 19% rather than reducing it to 17% from 1 April 2020.

The charge to Corporation Tax and the main rate will also be set at 19% for the financial year beginning 1 April 2021.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Intangible assets

	Brand name & customer relationships £	Goodwill £	Total £
Cost			
At 1 January 2019	5,964,318	14,558,076	20,522,394
At 31 December 2019	5,964,318	14,558,076	20,522,394
Amortisation			
At 1 January 2019	1,711,742	4,118,699	5,830,441
Charge for the year on owned assets	635,208	1,580,170	2,215,378
At 31 December 2019	2,346,950	5,698,869	8,045,819
Net book value			
At 31 December 2019	3,617,368	8,859,207	12,476,575
At 31 December 2018	4,252,576	10,439,377	14,691,953

VISTRA INTERNATIONAL EXPANSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Tangible fixed assets

	Short-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2019	38,744	65,240	167,114	271,098
Additions	2,322	1,666	77,761	81,749
Disposals	-	-	(36,379)	(36,379)
At 31 December 2019	41,066	66,906	208,496	316,468
Depreciation				
At 1 January 2019	18,815	61,706	86,049	166,570
Charge for the year on owned assets	17,729	(2,749)	68,722	83,702
Disposals	-	-	(25,750)	(25,750)
At 31 December 2019	36,544	58,957	129,021	224,522
Net book value				
At 31 December 2019	4,522	7,949	79,475	91,946
At 31 December 2018	19,929	3,534	81,065	104,528

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Short leasehold	4,522	19,929
	4,522	19,929

VISTRA INTERNATIONAL EXPANSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	1,700
At 31 December 2019	<u>1,700</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
USA2Europe Limited	Highlands House, Basingstoke Road, Spencers Wood, Reading, RG7 1NT	Provision of staff	Ordinary	100 %

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
USA2Europe Limited	33,110	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Debtors

	2019 £	2018 £
Trade debtors	1,265,049	1,285,497
Amounts owed by group undertakings	3,397,551	2,235,950
Other debtors	107,909	237,535
Called up share capital not paid	1	1
Prepayments and accrued income	884,309	838,974
	<u>5,654,819</u>	<u>4,597,957</u>

Amounts owed by group undertakings are in respect of trade receivables payable under normal commercial terms.

15. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	1,534,218	870,539
Less: bank overdrafts	(4,044)	-
	<u>1,530,174</u>	<u>870,539</u>

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	4,044	-
Trade creditors	275,932	158,325
Amounts owed to group undertakings	21,794,204	21,832,296
Corporation tax	290	-
Other taxation and social security	130,175	132,465
Obligations under finance lease and hire purchase contracts	1,413	9,894
Other creditors	34,316	35,074
Accruals and deferred income	943,943	756,566
	<u>23,184,317</u>	<u>22,924,620</u>

Amounts owed by group undertakings are in respect of trade payables payable under normal commercial terms.

VISTRA INTERNATIONAL EXPANSION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

17. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>5,456,930</u>	<u>4,139,377</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(23,052,439)</u>	<u>(22,782,261)</u>

18. Deferred taxation

	2019 £	2018 £
At beginning of year	(711,708)	(885,362)
Charged to profit or loss	104,217	173,654
At end of year	<u>(607,491)</u>	<u>(711,708)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Other timing differences	(607,491)	(711,708)
	<u>(607,491)</u>	<u>(711,708)</u>

Deferred tax of £104,154 is expected to reverse in the next year.

VISTRA INTERNATIONAL EXPANSION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
1 (2018 - 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

20. Reserves

Profit and loss account

Profit and loss account represents all current and prior period retained profits and losses.

21. Contingent liabilities

From time to time management receives claims from various parties which are defended in all cases. It is not currently deemed necessary to recognise a provision, however, should any of these not go in managements' favour then a liability would need to be recognised.

The Company is party to cross-guarantees and fixed and floating charges with another group company. The actual liability at the year end was £nil (2018: £nil).

22. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £112,635 (2018: £114,953). Contributions totalling £18,748 (2018: £19,505) were payable to the fund at the balance sheet date and are included in creditors.

23. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£	£
Not later than 1 year	34,924	208,435
Later than 1 year and not later than 5 years	13,267	60,265
	<u>48,191</u>	<u>268,700</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

24. Related party transactions

Included in creditors is £469,601 (2018: £114,423) due to Nortons Assurance Limited, an associate, in respect of funds transferred and operating expenses recharged by the Company.

25. Post balance sheet events

Since the balance sheet date there has been a global outbreak of a novel strain of coronavirus (COVID-19). On 12 March the World Health Organisation declared the outbreak a pandemic. Many countries, including the UK have reacted to contain and delay the spread of the virus, which included extensive social distancing, business closures and travel bans. The Directors considered the financial impact of this pandemic and have concluded that the matter is a non-adjusting post balance sheet event.

See the "Principal Risks and Uncertainties" in the Strategic Report on page 1 and the going concern disclosures on page 13 or further information.

26. Controlling party

Vistra Reading Holdings Limited, a company registered in England and Wales, is the immediate parent company. The Company's ultimate parent undertaking and controlling party is Vistra Group Holdings (BVI) III Limited, a Company incorporated under the laws of the British Virgin Islands and whose registered office is located at Craigmuir Chambers, P.O. Box 4714, Road Town, Tortola, VG1110, British Virgin Islands.

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