

ES GLOBAL HOLDINGS LIMITED
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



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FOR THE YEAR ENDED 31 DECEMBER 2020

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ES GLOBAL HOLDINGS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2020

STRATEGIC REPORT

Principal Activities and Review of Business

The principal activity of the group is the construction of temporary venues, structures, staging and the provision of event overlay services. Broadly the group segments its activities into Staging, Projects and Consulting with key markets of Music, Sports, Culture spanning each segment and in 2020 we also added Public Sector as new key market.

Staging

Clearly this segment, in line with the rest of the events industry, was heavily impacted by the ongoing Covid 19 pandemic in 2020 with events being postponed or cancelled in light of pandemic measures. Despite this, our adaptive and flexible approach and flexible cost base meant we were still able to deliver several events during the year including the UK's first socially distanced music concert during the summer. The segment delivered a small gross profit from 2020 events. Looking ahead to 2021 we believe that once restrictions start to ease we will be in a good position to react quickly to the pent up demand and start to restore business to previous levels.

Projects

As reported last year, the most significant activity of the business has been delivery of several venues for the 2020 Tokyo Olympics. In the first half of the year we achieved several key milestones with the build on the shooting venue largely completed and the Golf and Seating venues build commencing on site. In April 2020, the Tokyo Committee of the Organisation of the Olympic and Paralympic Games (TOCOG) announced the postponement of the 2020 Tokyo Olympics to July 2021. The company was paid for works which had been completed up to the postponement with future milestones for final completion of the buildings and eventually removal from site were delayed into 2021. This work proved to be profitable and generate strong cash flows in the year.

We have now agreed arrangements for delivery of the postponed games in 2021 including additional revenues for extending the contracts into 2021 as well as recovery of additional costs incurred in activities such as site hibernation and additional maintenance with these additional revenues will be achieved when the games take place.

In addition to the Olympics business we were very proud to have been awarded the contract for delivery of the Dragons Heart emergency hospital for Wales in April 2020. Despite the somber circumstances of this project, we were pleased clients shared our confidence in our technical skills and abilities enough to put us in a position of such national responsibility. We delivered this very complex project on time and to budget within a very tight timeline and completed the removal phase of the project in December.

In the UK we were successful in winning further work in the public sector as a major subcontractor delivering customs facilities for several government agencies at inland border sites. The first of these projects was completed in December. This work has demonstrated our ability and role in being able to deliver solutions where the client's need is for fast track delivery, not just temporary structures. We are making plans to further develop our presence in the public sector space in 2021 and hopeful this will be a growth area for the business in years to come.

In addition to the above we continued work on other projects in the culture space within the UK completing design and manufacturing phases of a theatre project. We were also awarded a new contract to build a second theatre in the UK and early work commenced on this in December, this helping to secure the business in 2021.

Consulting

The consulting business is a smaller but important part of the overall business and often drives business development leading to future projects. We commenced some consultancy work on a new theatre project in 2020 which ultimately turned into the award of a contract to build in 2021.

ES GLOBAL HOLDINGS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2020

STRATEGIC REPORT (CONTINUED)

We undertook a number of other consulting projects during the year using our expertise to advise clients on future projects and believe these will help grow the other business segments in future years.

Results

All of the above has driven an impressive increase in turnover year on year from £18.5m in 2019 to £71.1m with an underlying EBITDA of £10.8m. The directors are extremely pleased with this level of growth achieved in a relatively short period of time; building on the success of 2019 and in line with the strategic plan and this result builds on the success of 2019. Clearly this result has been delivered despite difficult operational conditions resulting from Covid 19 restrictions both in the UK and Japan and we are pleased the business has proven to be diverse enough and robust in these difficult trading conditions.

Overheads and fixed costs for the business continue to be well controlled. Part of our strategic plan has been to bolster the people resources we have to support the level of growth we are experiencing. Additional key hires were recruited during the year to strengthen the team commercially and in the support functions, which is reflected in the increased overhead costs of the business.

We continue to invest heavily in Research and Development (R&D), this being key to our future success. We made a strategic decision to invest additional funds in expanding our fixed assets this year with additions of £3.7m. These assets have been purchased to service the Tokyo projects in the short term but also to drive increased future growth.

Key risks and Uncertainties

As a project-based business there is always a risk of insufficient projects being won. To mitigate this risk, we have a detailed and substantial pipeline of potential projects. The present pipeline of potential work has a value in excess of £110m. We also tender for work very carefully only bidding on work that will be profitable.

Currently, we have a major proportion of our budgeted 2021 turnover already confirmed and contracted and some turnover in 2022 secured. We are extremely active in the marketplace and have bid on various major projects in the Middle East, UK and Europe for 2022 and beyond. On this basis, a key risk associated with a project orientated business, has effectively been mitigated in the medium term. Our intention is to use this confirmed turnover as a firm foundation to build on, into 2021 and beyond.

The directors are aware of the current levels of business uncertainty in connection with Brexit. Our business has a seasonal domestic focus, which is unlikely to be impacted, together with an international element largely outside of Europe. So far we have not experienced any significant supply chain or other Brexit related issues and most of our manufacturing procurement is in the UK. We therefore believe that the threats to our business are limited in the short term. The group also set up operations in France in February 2020 with the establishment of ES Global France SAS. This will allow us to establish a base in central Europe for future operations and we are already very active in business development activities. This will also help us mitigate any longer term issues.

The UK and global economy has been severely impacted by the emergence of the COVID-19 pandemic during 2020. The business has been very robust through the crisis with critical systems supporting home working functioning well and business continuity throughout the period and very limited use made of the Government's furlough scheme. The staging segment has been most critically impacted with most events being postponed until after lockdown restrictions are lifted in the future. The projects business has experienced some disruption principally due to the postponement of the Olympic Games to July 2021. We continue to be paid by clients on these projects for work performed and we are now looking forward to completing delivery of these projects in 2021.

**ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

STRATEGIC REPORT (CONTINUED)

During the crisis the group made appropriate arrangements to expand and lengthen working capital facilities as a safeguard against future disruption and risk.

We have very strong 2021 forecast cash flows which will provide enough working capital to operate without additional facilities being required.

Key Performance Indicators

Our key performance indicators are turnover, gross margin, profit before tax and shareholders funds which demonstrate the strength of the balance sheet.

The performance of the business in 2020 has been much improved. Gross margin was lower mainly due to public sector work which was done at a much reduced rate from our private sector work reflecting the circumstances and risk profile of this work. Turnover also increased substantially and our shareholders funds grew from £2.2m to £8.5m showing improved balance sheet strength as a result of the performance in the year. Cash generation was extremely good with cash being collected from Tokyo contracts throughout the year enabling us to repay existing finance facilities and end the year with substantial cash reserves.

Key Performance Indicator	2020 £	2019 £	Variance £
Turnover	71,120,094	18,466,602	52,653,492
Gross Margin	20.7%	31.2%	(10.5%)
Profit Before Tax	8,275,616	1,420,475	6,855,141
Net Cash Flow	16,320,855	(501,616)	16,822,471
Shareholders Funds	8,503,536	2,222,064	6,281,472

Future Developments

As mentioned above we have a strong order book for the next two years and a diverse pipeline of potential projects which span across several regions, including the Middle East, Asia Pacific and Europe.

The ES Global brand has been present in Tokyo for over twenty years and working with our long-standing partners, Nihon Stages, we are developing and expanding projects in Japan and we hope across Asia with Japan as our main hub.

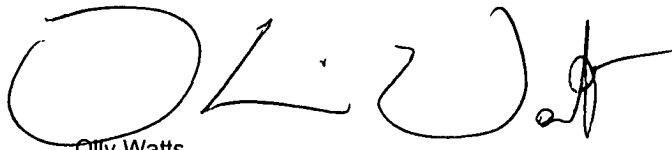
The Middle East remains a key target and focus of ES Global, as the Company believes that the UAE, Saudi Arabia and Qatar will account for a high percentage of future work due to the evolution and economic development of the region. During early 2020 we set up operations in France with the incorporation of ES Global France SAS, which gives us a European base from which to build out the business into Europe.

**ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

STRATEGIC REPORT (CONTINUED)

Overall this has been an extremely successful year for the business, delivered in very difficult operating conditions and the directors are very pleased with the growth and progress it has made in 2020. We have already had a very promising start to the year building on the growth of 2020 and we are confident of achieving an even stronger result in 2021.

This report has been approved by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Olly Watts', with a large, stylized 'O' and a long horizontal stroke.

Olly Watts

Director 28 April 2021

**ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

REPORT OF THE DIRECTORS

The directors submit their Annual Report together with the audited consolidated financial statements of the group for the year ended 31 December 2020.

Registered Office and Company Number

The registered office is Unit G East, Coate House, 1 – 3 Coate Street, London, E2 9AG. The company number is 08302068.

Directors

The directors during the financial year were as follows:

J. Burke
O. Watts
H. Sear (Resigned 22nd March 2021)

N. Hayllar was appointed as a director on 20 February 2020.

Results and Dividends

The profit attributable to shareholders of £6,281,472 (2019: profit of £990,927) has been transferred to reserves. The directors have not recommended payment of a dividend (2019: £nil).

Going Concern

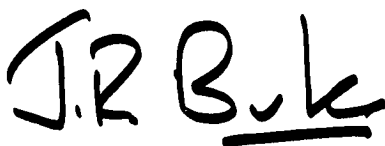
The group continued to trade throughout the year within its renewed facilities and the group currently has positive cash balances and a present pipeline of potential work extending well into 2022. The Directors are confident that the group will be profitable and cash positive in 2021 and that the group will continue as a going concern for the foreseeable future.

Statement on Disclosure of Information to Auditors

The directors at the time when this report was approved confirm that:

- (a) so far as they are aware, there is no relevant audit information of which the group's independent auditors are unaware; and
- (b) they have taken all the steps that they ought to have taken as directors, including making appropriate enquiries of fellow directors and the group's independent auditors for that purpose, in order to be aware of any information needed by the group's independent auditors in connection with preparing their report and to establish that the group's independent auditors are aware of that information.

This report was approved by the Board and signed on its behalf by:



J. Burke
Director

Date ~~28~~ April 2021

**ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors' Responsibilities in respect of the Annual Reports and the Financial Statements

The directors are responsible for preparing the Strategic Report and 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 period. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

The financial statements must, in accordance with IFRS as adopted by the European Union, present fairly the financial position and the performance of the company; such references in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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.

**ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ES GLOBAL HOLDINGS LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the Parent Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of ES Global Holdings Limited ("the Parent Company") and its subsidiaries ("the group") for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows 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 IFRSs as adopted by the United Kingdom.

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 group and the Parent 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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

ES GLOBAL HOLDINGS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2020

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the group and the Parent 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 Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

ES GLOBAL HOLDINGS LIMITED FOR THE YEAR ENDED 31 DECEMBER 2020

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considered the risk of acts by the group that were contrary to applicable laws and regulations, including fraud. Our audit procedures were designed at group and significant component levels to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, financial reporting legislation, the Companies Act 2006, distributable profits legislation and tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Our tests included agreeing the financial statement disclosures to underlying supporting documentation, review of board meeting minutes, enquiries with management, review of correspondence with external legal advisors and review of external press releases.

There are inherent limitations in the audit procedures described above and, the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

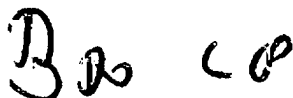
We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates. We addressed the risk of management override of internal controls through testing journals, in particular any entries posted with unusual account combinations or posted to impact revenue. We evaluated whether there was evidence of bias by the Directors in accounting estimates that represented a risk of material misstatement due to fraud. We challenged assumptions and judgements made by management in their significant accounting estimates, in particular in relation to contract accounting.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

Use of our report

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

A handwritten signature in black ink, appearing to read 'B D Clark'.

Paul Clark (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK
Date 29 April 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
Revenue	5	71,120,094	18,466,602
Cost of sales		<u>(56,398,446)</u>	<u>(12,709,313)</u>
Gross profit		14,721,648	5,757,289
Administrative expenses		(5,173,322)	(3,561,869)
Other Income: furlough revenue		48,926	-
Operating profit		<u>9,597,252</u>	<u>2,195,420</u>
Finance income	6	48	-
Finance costs	6	<u>(1,321,684)</u>	<u>(774,945)</u>
Profit before income tax	7	8,275,616	1,420,475
Taxation	8	(1,994,144)	(429,548)
Total comprehensive income for the year		<u>6,281,472</u>	<u>990,927</u>

All amounts relate to continuing operations and the group has no items of other comprehensive income (2019: £nil).

The notes on pages 16 to 35 form part of these financial statements.

ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

	Note	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Non-current assets					
Tangible fixed assets	11	9,465,181	6,960,799	9,465,181	6,960,799
Intangible fixed assets	12	262,063	283,063	262,063	283,063
Investments		-	-	9,009	300
		<u>9,727,244</u>	<u>7,243,862</u>	<u>9,736,253</u>	<u>7,244,162</u>
Current assets					
Trade and other receivables	13	6,448,777	8,562,529	4,996,307	2,189,042
Deferred tax	16	-	146,090	-	139,456
Cash and cash equivalents	14	16,300,473	1,060	68,948	53,977
		<u>22,749,250</u>	<u>8,709,679</u>	<u>5,065,255</u>	<u>2,382,475</u>
TOTAL ASSETS		<u>32,476,494</u>	<u>15,953,541</u>	<u>14,801,508</u>	<u>9,626,637</u>
EQUITY AND LIABILITIES					
Share capital	17	10,283	10,283	10,283	10,283
Share premium account		696,489	696,489	696,489	696,489
Share option reserve		13,664	13,664	13,664	13,664
Retained earnings		<u>7,783,100</u>	<u>1,501,628</u>	<u>470,723</u>	<u>146,254</u>
TOTAL EQUITY		<u>8,503,536</u>	<u>2,222,064</u>	<u>1,191,159</u>	<u>866,690</u>
Current liabilities					
Overdraft		-	21,442	-	-
Trade and other payables	15	<u>21,549,524</u>	<u>11,983,133</u>	<u>11,021,285</u>	<u>7,033,045</u>
		<u>21,549,524</u>	<u>12,004,575</u>	<u>11,021,285</u>	<u>7,033,045</u>
Non-Current Liabilities					
Long term loans	15	2,098,695	1,726,902	2,098,695	1,726,902
Deferred Tax	16	<u>324,739</u>	-	<u>490,369</u>	-
		<u>2,423,434</u>	<u>1,726,902</u>	<u>2,589,064</u>	<u>1,726,902</u>
TOTAL LIABILITIES		<u>23,972,958</u>	<u>13,731,477</u>	<u>13,610,349</u>	<u>8,759,947</u>
TOTAL EQUITY AND LIABILITIES		<u>32,476,494</u>	<u>15,953,541</u>	<u>14,801,508</u>	<u>9,626,637</u>

The parent company's profit for the year was £324,469 (2019: loss of £1,244,756).

The financial statements were approved and authorised for issue by the Directors by:

N.Hayllar
Director
Date:

28/04/21

O. Watts
Director
Date:

28/04/21

The notes on pages 16 to 35 form part of these financial statements.

ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

Consolidated	<u>Share capital</u> £	<u>Share premium</u> £	<u>Share option reserve</u> £	<u>Retained earnings</u> £	<u>Total</u> £
Total equity at 1 January 2019	10,283	696,489	13,664	510,701	1,231,137
Comprehensive profit for the year	-	-	-	990,927	990,927
Total equity at 31 December 2019	10,283	696,489	13,664	1,501,628	2,222,064
Comprehensive profit for the year	-	-	-	6,281,472	6,281,472
Total equity at 31 December 2020	10,283	696,489	13,664	7,783,100	8,503,536

Company	<u>Share capital</u> £	<u>Share premium</u> £	<u>Share option reserve</u> £	<u>Retained earnings</u> £	<u>Total</u> £
Total equity at 1 January 2019	10,283	696,489	13,664	1,391,010	2,111,446
Comprehensive loss for the year	-	-	-	(1,244,756)	(1,244,756)
Total equity at 31 December 2019	10,283	696,489	13,664	146,254	866,690
Comprehensive profit for the year	-	-	-	324,469	324,469
Total equity at 31 December 2020	10,283	696,489	13,664	470,723	1,191,159

The following describes the nature and purpose of each reserve within owners' equity:

<u>Reserve</u>	<u>Description of purpose</u>
Share capital	Amount subscribed for share capital at nominal value
Retained earnings	Cumulative net gains and losses recognised in the statement of comprehensive income
Share option reserve	Value of unexercised options at the date of issue
Share premium	Amounts paid over and above the nominal value of shares.

The notes on pages 16 to 35 form part of these financial statements.

ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Cash flow from operating activities		
Profit before taxation	8,275,616	1,420,475
Adjustment for:		
Depreciation and amortisation	1,237,226	692,689
Finance Income	(48)	
Finance costs	1,321,684	774,945
Operating cash flow before changes in working capital	10,834,478	2,888,109
Working capital movements:		
(Increase) / decrease in trade and other receivables	2,113,753	(7,469,730)
Increase in trade and other payables	7,312,152	4,342,418
Corporation Tax Paid	(207,789)	-
Net cash generated by / (used in) operating activities	20,052,594	(239,203)
Cash flow from investing activities		
Payments for property, plant and equipment	(1,515,007)	(6,167,834)
Interest received	48	-
Net cash used in investing activities	(1,514,959)	(6,167,834)
Cash flow from financing activities		
Proceeds from borrowings / increase in loan	5,003,590	6,967,917
Repayment of borrowings	(5,898,686)	(287,551)
Interest paid	(1,321,684)	(774,945)
Net cash (used in) / generated from financing activities	(2,216,780)	5,905,421
Net increase in cash and cash equivalents	16,300,473	(501,616)
Cash and cash equivalents at the beginning of the period	(20,382)	481,234
Cash and cash equivalents at end of the period	16,300,473	(20,382)
Cash and cash equivalents comprise:		
Overdrafts	-	(75,967)
Cash and cash equivalents	16,300,473	55,585
	16,300,473	(20,382)

The notes on pages 16 to 35 form part of these financial statements.

**ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Cash flow from operating activities		
Profit / (loss) before taxation	954,294	(1,422,800)
Adjustment for:		
Depreciation and amortisation	1,237,226	692,689
Finance costs	1,317,454	774,945
Finance income	(880,996)	(606,220)
Operating cash flow before changes in working capital	2,627,938	(561,386)
Working capital movements:		
(Increase) in trade and other receivables	(2,807,265)	(476,795)
Increase in trade and other payables	8,926,914	757,692
Cash flow from operating activities	8,747,627	(280,489)
Cash flow from investing activities		
Payments for property, plant and equipment	(1,515,007)	(6,167,834)
Investment in subsidiaries	(8,709)	-
Net cash used in investing activities	(1,523,716)	(6,167,834)
Cash flow from financing activities		
Proceeds from borrowings / Increase in loan	-	6,938,760
Repayment of borrowings	(5,891,486)	(287,551)
Interest Paid	(1,317,454)	(168,725)
Net cash (used in) / generated from financing activities	(7,208,940)	6,482,484
Net increase in cash and cash equivalents	14,971	34,161
Cash and cash equivalents at the beginning of the period	53,977	19,816
Cash and cash equivalents at end of the period (note 14)	68,948	53,977

The notes on pages 16 to 35 form part of these financial statements.

ES GLOBAL HOLDINGS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL

ES Global Holdings Limited (the "Company") is a private company limited by shares, incorporated and domiciled in England and Wales. The principal place of business is Unit G East, Coate House, 1 – 3 Coate Street, London, E2 9AG and its registered office is also at the same address.

The principal activity of the group is the construction of temporary venues, structures, staging and the provision of event overlay services.

2 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been consistently applied.

(a) Basis of preparation of the financial statements

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The measurement basis used in the preparation of the financial statements is the historical cost basis unless otherwise stated in the accounting policies below.

The preparation of financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, 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 the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 period (see note 4).

(b) Basis of Consolidation

The consolidated financial statements incorporate the results of the parent company and its subsidiaries as at 31 December 2020. Other than ES Global Limited and NES Overlay Limited, each subsidiary was dormant throughout the period.

The consolidated financial statements are based on the financial statements of the individual companies drawn up using the standard group accounting policies. Accounting policies applied by individual subsidiaries have been revised where necessary to ensure consistency with group policies for consolidation purposes. All companies in the group have the same reporting date of 31 December 2020.

All significant intra-group transactions and balances between group entities are eliminated on consolidation.

**ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTES TO THE FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Going Concern

The group has generated a profit in 2020, group profit after tax being £6.1m (2019: £0.1m), increasing shareholders' funds to £8.5m (2019: £2.22m). As stated in the Strategic Report on pages 1 to 4, the Directors expect the group to be both profitable and cash generative in 2021.

The Directors have undertaken stress testing on the company and group's cashflow projections, in view of the Covid-19 pandemic and current trading position and are confident that the group can continue to trade as a going concern for the foreseeable future. The company has sufficient resources to carry out its operations until, at the earliest, 30th June 2022. As at the date of the approval of these financial statements the group held a cash balance of approximately £27.8m.

On the basis of the above information the directors consider it appropriate to prepare the company and group financial statements on the going concern basis.

The financial statements do not include any adjustments that would result if the group was unable to continue as a going concern.

(d) Property, plant and equipment

During the year the group conducted a review of its fixed asset categorisation and depreciation rates to ensure the accounts give a fairer presentation of the assets used in the business and their effective useful economic lives.

The group previously had a single category of asset called Property, Plant and Equipment and applied a depreciation rate of 12 years on a straight line basis. As a result of this review the group created revised asset categories with revised rates of depreciation as follows.

Asset Category	Description of Assets	Depreciation Rate
Office and Computer Equipment	Computers, Office Equipment, Furniture	3 Years
Steelwork	Steel Components, Trusses, Piles	12 Years
Motor and Mechanical	Rigging, Motors, Mechanical, Plant	4 Years
Soft Goods	PVC, Fabric, Aluminium, Fencing, trackway	2 Years
Decking	Decking	6 Years
Right of Use Assets	Equipment purchased under IFRS16 Leases of various categories	Various according to the appropriate asset category for the item

ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

Assets are recorded on an historical cost basis with a full month depreciation charge in the month of acquisition and a no charge in the month of disposal less any adjustments for impairment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to recoverable amount.

Gains or losses arising from the retirement or disposal of assets are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income on the date of retirement or disposal.

(e) Intangible assets

Intangible assets consist of intellectual property which is measured at cost and amortised over the estimated useful life on a straight-line basis, which is considered to be 20 years. At each reporting date, the group reviews the carrying amount of its 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 in order to determine the extent of the impairment loss.

(f) Research and development costs

Research and development costs are only recognised as an asset from the date when it is virtually certain that a specific project will commence and that project is expected to result in future net cash inflows with a present value no less than all amounts recognised as an asset.

Development costs are amortised from the date the relevant product is ready for sale over its useful life.

All other research costs are written off as incurred.

(g) Investments

Investments in subsidiaries are valued at cost less provision for impairment.

ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Trade and other receivables

Financial assets are recognised in the group's Statement of Financial Position when the group becomes a party to the contractual provisions of the instrument.

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. An allowance is made when there is objective evidence that the group will not be able to collect amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the carrying amount and the recoverable amount. The amount of the allowance is recognised in the profit/loss in the statement of comprehensive income.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against bad and doubtful debts in profit/loss in the statement of comprehensive income.

Amounts recoverable on contracts represent cost and a prudent proportion of the estimated profit attributed to work carried out to date less foreseeable losses and progress payments received or receivable.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on deposit with banks with a maturity date of less than three months from inception.

(j) Trade and other payables

Financial liabilities are recognised in the Statement of Financial Position when the group becomes a party to the contractual provisions of the instrument.

Trade and other payables including amounts due to related parties, are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would have been immaterial, in which case they are stated at cost.

(k) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the statement of comprehensive income except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

**ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTES TO THE FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Income tax (continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

(m) Share capital

Ordinary shares are classified as equity.

(n) Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in British Pounds (GBP) which is the entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(o) Related parties

For the purposes of these financial statements, parties are considered to be related to the group if the group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the group or of any entity that is a related party of the group.

**ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTES TO THE FINANCIAL STATEMENTS

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Share-based payments

IFRS 2 'Share-based Payment' requires the recognition of equality-settled share-base payments at fair value at the date of grant and the recognition of liabilities for cash-settled share based payments at the current fair value at each reporting date.

The group provides benefits to employees of the group in the form of share-based payments, whereby employees render services in exchange of shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transaction with the employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model.

The cost of equity-settled transaction is recognised, together with a corresponding increase in equity, over the period in which the performance and/or other service condition are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the group's best estimate of the number of equity instruments that will ultimately vest. The statement of comprehensive income charge or credit for the period represents the movements in cumulative expense recognised as at the beginning and the end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

New standards interpretations and amendments impacting the Company that have been adopted in the annual financial statements for the year ended 31 December 2020 are:

- Definition of a Business (Amendments to IFRS 3);
- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7); and
- COVID-19-Related Rent Concessions (Amendments to IFRS 16).
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative - Definition of Material); and
- Revisions to the Conceptual Framework for Financial Reporting.

The adoption of these standards, interpretations and amendments did not have a significant effect on the Company and group.

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company and group has decided not to adopt early.

**ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTES TO THE FINANCIAL STATEMENTS

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS (CONTINUED)

The following amendments are effective for the period beginning 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The group makes estimates and assumptions concerning the future. The group undertakes term contracts which may extend a significant period into the new year with profits generated dependent on the performance of the contract in the following period. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Other than in respect of profit recognised on contracts, there are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

5 REVENUE

	2020	2019
Group	£	£
United Kingdom	31,499,344	4,082,739
Asia	<u>39,620,750</u>	<u>14,383,863</u>
	<u>71,120,094</u>	<u>18,466,602</u>

ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

6 FINANCE INCOME AND COSTS

	2020	2019
	£	£
Finance income		
Bank interest	48	-
	<hr/>	<hr/>
Finance costs		
Interest on loans	(880,996)	(606,220)
Other finance costs	(440,688)	(168,725)
	<hr/>	<hr/>
	(1,321,684)	(774,945)
	<hr/>	<hr/>

The other finance costs are mainly related to interest on the finance lease liabilities.

7 PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging / (crediting):	2020	2019
	£	£
Depreciation on property, plant and equipment (Note 10)	1,216,226	672,002
Amortisation of intangible (Note 11)	21,000	20,687
Auditors' remuneration – statutory audit	35,000	30,000
Auditors' remuneration – other taxation service	8,000	8,000
Auditors' remuneration – other	-	-
Other income	(48,926)	-
Loss on foreign exchange	350,406	29,799
	<hr/>	<hr/>

Other income relates to a claim made under the government CJRS scheme during the year for the furlough of 12 people made during June and July 2020

ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

8 TAXATION

	2020	2019
	£	£
Analysis of charge in period		
Current tax		
UK corporation tax on profits of the year	798,262	-
Double taxation relief	<u>(790,183)</u>	-
	8,079	-
Overseas tax on profits of the year	1,515,236	577,946
Total current tax	<u>1,523,315</u>	<u>577,946</u>
Deferred tax		
Timing differences	630,191	(13,232)
Adjustment for prior period	(127,209)	(135,166)
Effect of tax rate change on opening balance	(32,153)	-
Total deferred tax (note 16)	<u>470,829</u>	<u>(148,398)</u>
Tax charge for the year	<u>1,994,144</u>	<u>429,548</u>
Factors affecting tax charge for year		
Profit on ordinary activities before tax	<u>8,275,616</u>	<u>1,420,475</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	1,572,368	269,890
Fixed Asset Differences	5,575	80
Expenses not deductible	3,127	4,700
Adjustment to tax charge in respect of prior periods – deferred tax	(187,879)	(129,435)
Adjustment to tax charge in respect of previous periods	(5,731)	1,558
Remeasurement of deferred tax for changes in tax rates	(32,153)	-
Higher foreign tax rates	638,837	282,755
Total tax charge for the year	<u>1,994,144</u>	<u>429,548</u>

ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

9 DIRECTORS AND EMPLOYEES

(a) Directors and Key Management Personnel

	2020	2019
	£	£
Directors' Remuneration		
Fees paid to third parties	332,638	247,038
Wages and salaries	200,315	75,181
Social security costs and pension	26,207	8,767
	<u>559,160</u>	<u>330,986</u>

The aggregate emoluments of the highest paid director were £148,672 (2019: £153,193). The value of the company's contribution paid to a defined contribution pension scheme in respect of the highest paid director is £2,301 (2019: £2,084).

During the year retirement benefits were accruing to 2 directors (2019: 2) in respect of the company's defined contribution pension scheme.

(b) Employees

Wages and salaries, including those of the directors, during the year were as follows:

	2020	2019
	£	£
Fees paid to third parties and directors	368,081	330,985
Wages and salaries	2,197,122	897,811
Social security costs	249,235	132,215
Pension costs	45,555	23,190
	<u>2,859,993</u>	<u>1,384,201</u>

There are no key management personnel other than the directors.

The Company employed an average of 42 (2019: 30) people during the year. These employees can be categorised by function:

	2020	2019
	Number of	Number of
	Employees	Employees
Administration	<u>42</u>	<u>30</u>

10 DIVIDENDS

There were no dividends paid or declared during the period and up to the date that the financial statements were authorised for issue.

ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

11 TANGIBLE FIXED ASSETS

Group and Company

	Office and Computer Equipment	Steelwork	Motor & Mechanical	Soft Goods	Decking	Right of Use Assets	Short Leasehold	Total
Cost:	£	£	£	£	£	£	£	£
At 1 January 2020	182,148	5,208,958	242,287	250,119	554,271	2,024,386	-	8,462,169
Additions	83,204	1,113,030	152,847	-	25,715	2,205,601	140,211	3,720,608
At 31 December 2020	265,352	6,321,988	395,134	250,119	579,986	4,229,987	140,211	12,182,777
Accumulated Depreciation								
At 1 January 2020	134,998	624,268	146,467	201,230	141,474	252,933	-	1,501,370
Charge for the year	34,485	516,863	78,791	32,101	94,098	430,508	29,380	1,216,226
At 31 December 2020	169,483	1,141,131	225,258	233,331	235,572	683,441	29,380	2,717,596
Net Book Value:								
At 31 December 2020	95,869	5,180,857	169,876	16,788	344,414	3,546,546	110,831	9,465,181
At 31 December 2019	47,150	4,584,960	95,820	48,889	412,797	1,771,453	-	6,960,799

**ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020**

NOTES TO THE FINANCIAL STATEMENTS

12 INTANGIBLE FIXED ASSETS

Group and Company	Intellectual Property £	Total £
Cost:		
At 1 January 2019	405,000	405,000
Additions	-	-
At 31 December 2019	405,000	405,000
Additions	-	-
At 31 December 2020	405,000	405,000
Accumulated Depreciation:		
At 1 January 2019	101,250	101,250
Charge for the year	20,687	20,687
At 31 December 2019	121,937	121,937
Charge for the year	21,000	21,000
At 31 December 2020	142,937	142,937
Net book value at 31 December 2020	262,063	262,063
Net book value at 31 December 2019	283,063	283,063

ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

13 TRADE AND OTHER RECEIVABLES

	<u>Group</u> 2020	<u>Group</u> 2019	<u>Company</u> 2020	<u>Company</u> 2019
	£	£	£	£
Current assets				
Trade receivables	503,211	5,567,139	21,262	-
Accrued income	2,499,866	2,870,863	8,739	-
Prepayments	110,647	93,195	76,993	44,131
Other receivables	18,612	8,670	4,938	2,655
Deferred costs	3,026,716	-	-	-
Deposits	289,725	22,662	32,534	14,978
Other taxation recoverable	-	-	103,995	15,174
Amounts due from related party	-	-	4,747,846	2,112,104
	<u>6,448,777</u>	<u>8,562,529</u>	<u>4,996,307</u>	<u>2,189,042</u>

14 CASH AND CASH EQUIVALENTS

	<u>Group</u> 2020	<u>Group</u> 2019	<u>Company</u> 2020	<u>Company</u> 2019
	£	£	£	£
Cash at bank	<u>16,300,473</u>	<u>1,060</u>	<u>68,948</u>	<u>53,977</u>

ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS

15 TRADE AND OTHER PAYABLES

	<u>Group</u> <u>2020</u>	<u>Group</u> <u>2019</u>	<u>Company</u> <u>2020</u>	<u>Company</u> <u>2019</u>
	£	£	£	£
Current Liabilities				
Trade payables	3,390,998	3,972,988	31,464	2,773
Corporation Tax payable	1,893,473	577,946	-	-
Other tax and social security	4,601,631	539,751	26,685	1,503
Accruals and deferred income	5,431,760	599,684	145,071	-
Pension loan	84,000	91,584	84,000	84,384
Working Capital loans	5,025,547	5,829,059	-	5,807,102
Amounts due to related party	-	-	9,611,950	765,162
Obligations under lease contracts	1,122,115	372,121	1,122,115	372,121
	<u>21,549,524</u>	<u>11,983,133</u>	<u>11,021,285</u>	<u>7,033,045</u>

Loans comprise a CBILS Loan of £5m at an interest rate of 0% repayable in 6 equal monthly instalments commencing on 7th March 2021. The loan was repaid in full on 18th March 2021 and the associated security released. Additionally there were outstanding balances of £25,547 payable on an insurance credit facility payable in 12 monthly instalments at an interest rate of 6.2%.

Non-current liabilities

	<u>Group</u> <u>2020</u>	<u>Group</u> <u>2019</u>	<u>Company</u> <u>2020</u>	<u>Company</u> <u>2019</u>
	£	£	£	£
Pension loan	203,000	287,000	203,000	287,000
Obligations under lease contracts	1,895,695	1,439,902	1,895,695	1,439,902
	<u>2,098,695</u>	<u>1,726,902</u>	<u>2,098,695</u>	<u>1,726,902</u>

The pension loan comprised a loan from the trustees of the Burke Watts pension scheme. The loan was repayable in fixed monthly instalments over 5 years and carried an interest rate of 7% per annum. This loan was repaid in full in January 2021.

ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

16 DEFERRED TAX

	<u>Group</u> <u>2020</u>	<u>Group</u> <u>2019</u>	<u>Company</u> <u>2020</u>	<u>Company</u> <u>2019</u>
	£	£	£	£
At 1 January 2020	(146,090)	(139,456)	(139,456)	(139,456)
Transfer in the period (note 8)	470,829	(148,398)	629,825	(178,044)
At 31 December 2020	<u>324,739</u>	<u>(146,090)</u>	<u>490,369</u>	<u>(139,456)</u>

Deferred tax comprises:

	<u>Group</u> <u>2020</u>	<u>Group</u> <u>2019</u>	<u>Company</u> <u>2020</u>	<u>Company</u> <u>2019</u>
	£	£	£	£
Fixed asset timing differences	540,785	402,828	540,785	402,828
Short term timing differences	(159,593)	(1,224)	-	-
Losses and other deductions	(56,453)	(547,694)	(50,416)	(542,284)
	<u>324,739</u>	<u>(146,090)</u>	<u>490,369</u>	<u>(139,456)</u>

17 SHARE CAPITAL

Issued and fully paid ordinary shares @ £1 each

	Number of Shares	Ordinary Shares £	Share Premium £
As at 31 December 2018	10,283	10,283	696,489
Issued during the year	-	-	-
As at 31 December 2019	10,283	10,283	696,489
Issued during the year	-	-	-
As at 31 December 2020	<u>10,283</u>	<u>10,283</u>	<u>696,489</u>

Grant of Options

On 11 December 2013 options over 102 ordinary shares of £1 each in the capital of the company ("Ordinary Shares") were granted to employees of the company. The outstanding options as at the year end were 82 ordinary shares.

The options had an exercise price of £250 per Ordinary Share and were exercisable (in whole or in part) during the period 11 December 2016 to 11 December 2023. On 22nd March 2021 all of the options in the ordinary shares of the company were exercised.

The estimated total fair value of these options was £13,664 or £134 per option (calculated using the Black-Scholes model).

ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

17 SHARE CAPITAL (CONTINUED)

The inputs to the Black-Scholes model were as follows:

Share Price	£250
Exercise Price	£250
Expected volatility	50%
Risk free rate of interest	2.5%
Expected dividend yield	0%
Expected life	7 years

The charge for the year was £Nil (2019: £Nil).

18 RELATED PARTY TRANSACTIONS

During the year the Company engaged related parties to provide various services. These comprised property rental, directors service fees, and fees charged for delivery of services on projects in addition to the pension loan (Note 15)

	Loan Interest paid	Property Rental Charges	Fees Paid for Directors Services	Fee charged for services provided on Projects	Balance due (to) / From Related Party
At 31 December 2020	£	£	£	£	£
ES Global Limited	-	-	-	1,389,718	(9,611,950)
NES Overlay Limited	-	-	-	1,751,583	4,746,264
ES Global France SAS	-	-	-	-	1,582
Directors Pension Scheme	11,040	-	-	-	-
Directors service companies	-	12,600	307,038	-	-
	11,040	12,600	307,038	3,141,301	(4,864,104)
At 31 December 2019					
ES Global Limited	-	-	-	-	(765,164)
NES Overlay Limited	-	-	-	-	2,112,104
Directors Pension Scheme	11,040	-	-	-	-
Directors service companies	-	12,600	247,038	-	-
	11,040	12,600	307,038	-	1,346,940

The directors service companies comprise Enstone Watts Limited and Burke Associates Limited

ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 RELATED PARTY TRANSACTIONS (continued)

The companies consolidated in the group financial statements at 31 December 2020 are as follows:

Name of Subsidiary	Ownership	Voting Rights	Principal Place of business	Principal Activity
ES Global Limited	100%	100%	UK	Construction
Edwin Shirley Staging Limited	100%	100%	UK	Dormant
ESG Corporate Trustees Ltd	100%	100%	UK	Trustee company
ES Global Inc.	100%	100%	USA	Dormant
NES Overlay Limited	100%	100%	UK	Construction
ES Global France SAS	100%	100%	France	Construction

19 PROFIT ATTRIBUTABLE TO PARENT COMPANY

The results for the financial year dealt with in the accounts of the parent company was a profit of £324,469 (2019: loss of £1,244,756). As permitted by Section 408 of the Companies Act 2006, no statement of comprehensive income is presented for the parent company.

20 COMMITMENTS AND CONTINGENCIES

At the reporting date, the Company had the following future minimum commitments in respect of non-cancellable leases:

	2020	2019
	£	£
Land and buildings		
Within one year	199,266	130,087
Between one and two years	-	795,927
Between two and five years	-	1,107,558
	<u>199,266</u>	<u>2,033,572</u>

ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

21 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	<u>Group</u>	<u>Group</u>	<u>Company</u>	<u>Company</u>
	2020	2019	2020	2019
	£	£	£	£
Financial assets				
Loans and receivables (including other investments and cash and cash equivalents)	19,593,275	8,470,394	4,881,103	2,183,714
Financial liabilities				
Financial liabilities at amortised cost	13,124,435	12,611,487	13,093,295	8,758,444

The fair values of all assets and liabilities approximate to their book values.

(b) Management of capital

The group regards the following as capital:

	2020	2019
	£	£
Share capital	10,283	10,283
Share premium	696,489	696,489
Share option reserve	13,664	13,664
Retained earnings	7,559,250	1,501,628
	<u>8,279,686</u>	<u>2,222,064</u>

The group maintains capital that it views as sufficient for its activities as a trading entity in the construction industry.

(c) Financial Risk Factors

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Company's business. These risks are limited by the Company's financial management policies and practices described below:

(i) Credit Risk

Credit risk is monitored by management with the aim of minimising credit losses.

Credit risk exists in respect of trade receivables and cash balances held with the bank.

Management undertake an assessment of clients before entering into a business arrangement to minimize the risk of non-payment.

ES GLOBAL HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

21 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Financial Risk Factors (continued)

The Company's credit risk is primarily attributable to trade receivables in respect of contracts. Cash is only held with global banks considered to be of high credit quality.

(ii) Liquidity Risk

The directors regard the availability of funds as sufficient for the group's liquidity requirements and to enable the group to settle its debts as and when they fall due on an ongoing basis.

The following table details the group's remaining contractual maturities for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay:

2020	Total	3 months or less	3-12 months	12 months or more
	£	£	£	£
Trade and other payables	(4,794,078)	(4,794,078)	-	-
Working capital facilities	(5,025,547)	(833,333)	(4,192,214)	-
Pension Loan	(287,000)	(21,000)	(63,000)	(203,000)
Obligations under lease contracts	(3,017,810)	(280,528)	(841,587)	(1,895,695)
	(13,124,435)	(5,928,939)	(5,096,801)	(2,098,695)
<hr/>				
2019	Total	3 months or less	3-12 months	12 months or more
	£	£	£	£
Trade and other payables	(4,591,821)	(4,591,821)	-	-
Term loan	(5,829,059)	(21,957)	(5,807,102)	-
Short term loan	(2,190,607)	(126,968)	(336,737)	(1,726,902)
	(12,611,487)	(4,740,746)	(6,143,839)	(1,726,902)

(iii) Currency Risk

The group operates globally and therefore generates revenue and costs, and subsequently cash balances in four currencies, Sterling, Euro, Yen and US Dollar. All currencies have their own currency bank account to reduce FX costs.

ES GLOBAL HOLDINGS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020
NOTES TO THE FINANCIAL STATEMENTS

21 FINANCIAL INSTRUMENTS (CONTINUED)

At 31 December 2020, the foreign currency balances, in GBP equivalent, were as follows:

	2020 Group (GBP Equivalent)
Assets	5,718,378
Liabilities	<u>(2,336,945)</u>
Net Assets	<u>3,381,433</u>

(iv) Interest Rate Risk

Interest rate risk is monitored by management with the aim of minimising interest rate exposure.

The Company's interest rate risk exists in respect of short term loan and cash balances held with the bank. Cash is only held with global banks considered to be of high credit quality.

At 31 December 2020, if the interest rates increased/decreased by 1% the result for the year would have increased / decreased by approximately £163,208 (2019: £Nil).

22 ULTIMATE CONTROLLING PARTY

During the year the ultimate controlling parties were Mr J. Burke and Mr O. Watts by virtue of their ownership of 76% (2016: 76%) of the issued share capital of the Company equally.

On 22nd March 2021 the ultimate controlling party became Flywheel L.P. by virtue of their controlling interest in Project Prestige Bidco Limited, the ultimate parent company in the group. Subsequent to the acquisition the assets of the company were secured against borrowings within the new group.