Nexia
Poyiadjis

# FLEXIGLOBAL HOLDINGS LIMITED

Financial Statements
For the year ended 31 March 2019

(Original)

# FLEXIGLOBAL HOLDINGS LIMITED

Financial Statements
For the year ended 31 March 2019

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# FLEXIGLOBAL HOLDINGS LIMITED

## BOARD OF DIRECTORS AND OTHER OFFICERS

| | |
|---|---|
| **Board of Directors:** | Aristodemos Loizou<br>David Savva<br>Brainservices (Nominees) Limited |
| **Company Secretary:** | Esano Secretarial Limited |
| **Independent Auditors:** | Nexia Poyiadjis<br>Certified Public Accountants |
| **Registered office:** | 2 Sophouli Street<br>Chanteclair Building, 8th Floor, Flat/office 801<br>1096, Nicosia<br>Cyprus |
| **Registration number:** | HE238405 |

Nexia Poyiadjis

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INVESTORS IN PEOPLE

# Independent Auditor's Report

## To the Members of Flexiglobal Holdings Limited

**Report on the Audit of the Financial Statements**

**Qualified Opinion**

We have audited the accompanying financial statements of parent company Flexiglobal Holdings Limited (the "Company"), which comprise the statement of financial position as at 31 March 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the ommission described in the basis for qualified opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of parent company Flexiglobal Holdings Limited as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

**Basis for Qualified Opinion**

The Company has not disclosed the name of its ultimate controlling party as at 31 March 2019, which is required by International Accounting Standard IAS 24 Related Party Disclosures.

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 "International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants" (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**Responsibilities of the Board of Directors for the Financial Statements**

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines 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 Board of Directors is 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Nexia Poyiadjis

# Independent Auditor's Report (continued)

## To the Members of Flexiglobal Holdings Limited

**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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Nexia Poyiadjis

## Independent Auditor's Report (continued)

### To the Members of Flexiglobal Holdings Limited

**Other Matter**

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

**Raffi Boyadjian**
**Certified Public Accountant and Registered Auditor**
for and on behalf of
**Nexia Poyiadjis**
**Certified Public Accountants and Registered Auditors**

Nicosia, 30 May 2019

## FLEXIGLOBAL HOLDINGS LIMITED

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2019

| | Note | **01/04/2018-31/03/2019 GB£** | 01/04/2017-31/03/2018 GB£ |
|---|---|---|---|
| **Revenue** | 9 | **1.524** | 1.509 |
| Loan interest expense | 19 | **(6.096)** | (6.037) |
| **Net loan interest expense** | | **(4.572)** | (4.528) |
| Administration expenses | 10 | **(8.838)** | (9.612) |
| **Operating loss** | | **(13.410)** | (14.140) |
| Finance income | 11 | **2.256** | - |
| Finance costs | 11 | **(142)** | (6.420) |
| **Loss before tax** | | **(11.296)** | (20.560) |
| Tax | 12 | **(407)** | (299) |
| **Net loss for the year** | | **(11.703)** | (20.859) |
| **Other comprehensive income** | | **-** | - |
| **Total comprehensive income for the year** | | **(11.703)** | (20.859) |

# FLEXIGLOBAL HOLDINGS LIMITED

## STATEMENT OF FINANCIAL POSITION
31 March 2019

| | Note | 31/03/2019 GB£ | 31/03/2018 GB£ |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Investments in subsidiaries | 13 | **100.000** | 100.000 |
| Other financial assets at amortised cost | 14 | **163.666** | - |
| Loans receivable | 15 | **-** | 150.838 |
| | | **263.666** | 250.838 |
| **Current assets** | | | |
| Trade and other receivables | 16 | **-** | 1.830 |
| Cash at bank | 17 | **51.005** | 51.065 |
| | | **51.005** | 52.895 |
| **Total assets** | | **314.671** | 303.733 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 18 | **96.732** | 96.732 |
| Accumulated losses | | **(80.394)** | (68.691) |
| **Total equity** | | **16.338** | 28.041 |
| **Non-current liabilities** | | | |
| Borrowings | 19 | **194.558** | 175.297 |
| | | **194.558** | 175.297 |
| **Current liabilities** | | | |
| Trade and other payables | 20 | **103.076** | 100.096 |
| Current tax liabilities | 21 | **699** | 299 |
| | | **103.775** | 100.395 |
| **Total liabilities** | | **298.333** | 275.692 |
| **Total equity and liabilities** | | **314.671** | 303.733 |

On 30 May 2019 the Board of Directors of Flexiglobal Holdings Limited authorised these financial statements for issue.

....................................
David Savva
Director

The notes on pages 9 to 27 form an integral part of these financial statements.

# FLEXIGLOBAL HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2019

| | Share capital GB£ | Accumulated losses GB£ | Total GB£ |
|---|---|---|---|
| **Balance at 1 April 2017** | **96.732** | **(47.832)** | **48.900** |
| Net loss for the year | - | (20.859) | (20.859) |
| **Balance at 31 March 2018** | **96.732** | **(68.691)** | **28.041** |
| **Balance at 1 April 2018** | **96.732** | **(68.691)** | **28.041** |
| Net loss for the year | - | (11.703) | (11.703) |
| **Balance at 31 March 2019** | **96.732** | **(80.394)** | **16.338** |

The notes on pages 9 to 27 form an integral part of these financial statements.

## FLEXIGLOBAL HOLDINGS LIMITED

# STATEMENT OF CASH FLOWS
For the year ended 31 March 2019

| | Note | 01/04/2018-31/03/2019 GB£ | 01/04/2017-31/03/2018 GB£ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Loss before tax** | | **(11.296)** | (20.560) |
| Adjustments for: | | | |
| Unrealised exchange (profit)/loss | | **(2.256)** | 5.820 |
| Interest income | | **(1.524)** | (1.509) |
| Interest expense | 11 | **6.096** | 6.064 |
| | | **(8.980)** | (10.185) |
| **Changes in working capital:** | | | |
| Decrease/(increase) in trade and other receivables | | **1.830** | (1.830) |
| Increase in trade and other payables | | **7.030** | 11.706 |
| **Cash used in operations** | | **(120)** | (309) |
| Tax paid | | **-** | (193) |
| **Net cash used in operating activities** | | **(120)** | (502) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | **-** | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Interest paid | | **-** | (27) |
| **Net cash used in financing activities** | | **-** | (27) |
| **Net decrease in cash and cash equivalents** | | **(120)** | (529) |
| Cash and cash equivalents at beginning of the year | | **51.065** | 52.402 |
| Effect of exchange rate fluctuations on cash held | | **60** | (808) |
| **Cash and cash equivalents at end of the year** | 17 | **51.005** | 51.065 |

The notes on pages 9 to 27 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

### 1. Incorporation and principal activities

**Country of incorporation**

Flexiglobal Holdings Limited (the "Company") was incorporated in Cyprus on 22 September 2008 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 2 Sophouli Street, Chanteclair Building, 8th Floor, Flat/office 801, 1096, Nicosia, Cyprus.

**Principal activities**

The principal activities of the Company, which remain unchanged from prior year, are the holding of investments and the group financing.

### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention.

The Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a small sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 March 2019.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

### 3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2018. This adoption did not have a material effect on the accounting policies of the Company.

- IFRS 9 "Financial Instruments"

As explained below, in accordance with the transition provisions of IFRS 9 and IFRS 15, the Company has elected the simplified approach for adoption of the standards. Accordingly, IFRS 9 and IFRS 15 were adopted without restating the comparative information. The comparative information is prepared in accordance with IAS 39 and IAS 18 and IAS 11, and the impact of adoption has been recognised in the opening retained earnings.

#### (i) IFRS 9 "Financial instruments"

IFRS 9 "Financial instruments" replaces the provisions of IAS 39 that relate to recognition and derecognition of financial instruments and classification and measurement of financial assets and financial liabilities. IFRS 9 further introduces new principles for hedge accounting and a new forward-looking impairment model for financial assets.

The new standard requires debt financial assets to be classified into two measurement categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (either FVTPL or FVPL) and those to be measured at amortized cost. The determination is made at initial recognition. For debt financial assets the classification depends on the entity's business model for managing its financial instruments and the contractual cash flows characteristics of the instruments. For equity financial assets it depends on the entity's intentions and designation.

In particular, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Lastly, assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

For financial liabilities, the standard retains most of the requirements of IAS 39. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to the entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

The Company has adopted IFRS 9 with a date of transition of 1 January 2018, which resulted in changes in accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets.

The Company's new accounting policies following adoption of IFRS 9 at 1 January 2018 are set out in note 4.

**3. Adoption of new or revised standards and interpretations (continued)**

**(i) IFRS 9 "Financial instruments"**

The following table reconciles the carrying amounts of financial instruments, from their previous measurement categories in accordance with IAS 39 into their new measurement categories upon transition to IFRS 9 on 1 January 2018:

| | Measurement category | | | Effect of IFRS 9 | | | | |
|---|---|---|---|---|---|---|---|---|
| | **IAS 39** | **IFRS 9** | Carrying value per IAS 39 (closing balance at 31 March 2018) GB£ | Re-measurement ECL GB£ | Re-measurement Other GB£ | Reclassification Mandatory GB£ | Reclassification Voluntary GB£ | Carrying value per IFRS 9 (opening balance at 1 April 2018) GB£ |
| Other financial assets | | | | | | | | |
| Loans receivable | L&R | AC | 150.838 | - | - | - | - | 150.838 |
| **Total other financial assets** | | | 150.838 | - | - | - | - | 150.838 |
| **Total financial assets** | | | 150.838 | - | - | - | - | 150.838 |

**3. Adoption of new or revised standards and interpretations (continued)**

**(i) IFRS 9 "Financial instruments"**

- *Other financial instruments:*

For all other financial assets Management assessed that the Company's business model for managing the assets is "hold to collect" and these assets meet SPPI tests. As a result all other financial assets were classified as financial assets at amortised cost and reclassified from the category "loans and receivables" under IAS 39, which was "retired". Previously under IAS 39 these financial assets were also measured at amortised cost. Thus there were no impact of adoption of IFRS 9 as of 1 January 2018.

At 31 December 2017, all of the Company's financial liabilities were carried at amortised cost. Starting from 1 January 2018 the Company's financial liabilities continued to be classified at amortised cost.

The assessment of the impact of adoption of IFRS 9 on the Company's accounting policies required management to make certain critical judgments in the process of applying the principles of the new standard. The judgments that had the most significant effect on Management's conclusion are disclosed in note 7.

**4. Significant accounting policies**

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

**Subsidiary companies**

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

**Revenue**

- **Interest income**

  Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

- **Dividend income**

  Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

**4. Significant accounting policies (continued)**

**Loan interest expense**

Interest expense is recognised on an accrual basis using the effective interest method.

**Finance income**

Finance income include foreign exchange differences resulting from the settlement of transactions in currency other than the functional currency and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies.

**Finance costs**

Finance costs include bank charges that are charged to profit or loss as incurred and foreign exchange differences resulting from the settlement of transactions in currency other than the functional currency and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies.

**Foreign currency translation**

**(1) Functional and presentation currency**
Items included in the Company's 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 (GB£), which is the Company's functional and presentation currency.

**(2) Transactions 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 the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**Tax**

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

**Dividends**

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

**Financial assets - Classification**

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost.

**4. Significant accounting policies (continued)**

**Financial assets - Recognition and derecognition**

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

**Financial assets - Measurement**

**Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank.Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

**Financial assets at amortised cost**

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

**Financial liabilities - measurement categories**

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

**Borrowings**

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

**Trade and other payables**

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

**4. Significant accounting policies (continued)**

**Share capital**

Share capital is recognized at the fair value of consideration received. Any excess over the nominal value of shares is taken to the share premium reserve.

Cost incurred for issuing new share capital when the issuance results in a net increase or decrease to equity are charged directly to equity. Costs incurred for issuing new share capital when the issuance does not result in a change in equity are taken to profit or loss.

**Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

**Non-current liabilities**

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

**Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

**5. New accounting pronouncements**

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

**6. Financial risk management**

**Financial risk factors**
The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

**6.1 Financial instruments by category**

The accounting policies for financial instruments have been applied to the line items below:

| 31 March 2018 | Loans and receivables GB£ | Total GB£ |
|---|---|---|
| **Assets as per statement of financial position:** | | |
| Loans receivable | 150.838 | 150.838 |
| Cash and cash equivalents | 51.065 | 51.065 |
| **Total** | **201.903** | **201.903** |

| | Borrowings and other financial liabilities GB£ | Total GB£ |
|---|---|---|
| **Liabilities as per statement of financial position:** | | |
| Borrowings | 175.297 | 175.297 |
| Trade and other payables | 92.361 | 92.361 |
| **Total** | **267.658** | **267.658** |

**6.2 Interest rate risk**
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest- bearing financial instruments was:

| | **31/03/2019 GB£** | 31/03/2018 GB£ |
|---|---|---|
| **Fixed rate instruments** | | |
| Financial assets | **163.666** | 150.838 |
| Financial liabilities | **(194.558)** | (175.297) |
| **Variable rate instruments** | | |
| Financial assets | **51.005** | 51.065 |
| | **20.113** | 26.606 |

*Sensitivity analysis*

An increase of 100 basis points in interest rates at 31 March 2019 would have increased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit or loss.

**6. Financial risk management (continued)**

| | Profit or loss | |
|---|---|---|
| | **01/04/2018-31/03/2019** | 01/04/2017-31/03/2018 |
| | **GB£** | GB£ |
| Variable rate instruments | **510** | 511 |

**6.3 Credit risk**
Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets.

*(i) Risk management*

For receivables, banks and financial institutions, only independently rated parties are accepted.

Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

*(ii) Impairment of financial assets*

The Company has the following types of financial assets that are subject to the expected credit loss model:

- financial assets at amortised cost
- cash and cash equivalents

**6. Financial risk management (continued)**

**6.3 Credit risk (continued)**

**6.3.1 Credit quality of financial assets**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates:

| | **31/03/2019 GB£** | 31/03/2018 GB£ |
|---|---|---|
| **Fully performing receivables** | | |
| Counterparties without external credit rating | | |
| Group 1 | **163.666** | 150.838 |
| | **163.666** | 150.838 |
| **Total fully performing receivables** | **163.666** | 150.838 |
| **Cash at bank and short term bank deposits** | | |
| B1 (Moody's Corporation) | **51.005** | - |
| Caa2 (Moody's Corporation) | **-** | 51.065 |
| | **51.005** | 51.065 |

Group 1 - loan receivable from a third party

None of the financial assets that are fully performing has been renegotiated.

**6.4 Liquidity risk**
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

| **31 March 2019** | Carrying amounts GB£ | Contractual cash flows GB£ | 3 months or less GB£ | 3-12 months GB£ | 1-2 years GB£ | 2-5 years GB£ |
|---|---|---|---|---|---|---|
| Trade and other payables | 103.076 | 103.076 | - | 103.076 | - | - |
| Loan from parent company | 194.558 | 202.380 | - | - | 202.380 | - |
| | **297.634** | **305.456** | **-** | **103.076** | **202.380** | **-** |

**6. Financial risk management (continued)**

**6.4 Liquidity risk (continued)**

| 31 March 2018 | Carrying amounts | Contractual cash flows | 3 months or less | 3-12 months | 1-2 years | 2-5 years |
|---|---|---|---|---|---|---|
| | GB£ | GB£ | GB£ | GB£ | GB£ | GB£ |
| Trade and other payables | 100.096 | 100.096 | - | 100.096 | - | - |
| Loan from parent company | 175.297 | 186.679 | - | - | - | 186.679 |
| | 275.393 | 286.775 | - | 100.096 | - | 186.679 |

**6.5 Currency risk**
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

| | Liabilities | | Assets | |
|---|---|---|---|---|
| | **31/03/2019** | 31/03/2018 | **31/03/2019** | 01/04/2017-31/03/2018 |
| | **GB£** | GB£ | **GB£** | GB£ |
| United States Dollar | **(203.009)** | (183.196) | **169.907** | 157.139 |
| Euro | **(51.555)** | 70.502 | **14** | 14 |
| | **(254.564)** | (112.694) | **169.921** | 157.153 |

Sensitivity analysis
A 10% strengthening of the British Pounds against the following currencies at 31 March 2019 would have increased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the British Pound against the relevant currency, there would be an equal and opposite impact on the profit or loss.

| | Profit or loss | |
|---|---|---|
| | **31/03/2019** | 31/03/2018 |
| | **GB£** | GB£ |
| United States Dollars | **3.310** | 2.606 |
| Euro | **5.154** | 7.049 |
| | **8.464** | 9.655 |

**6.6 Capital risk management**
Capital includes equity shares.

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

**6. Financial risk management (continued)**

**Fair value estimation**

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

**7. Critical accounting estimates and judgments**

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of investments in subsidiaries**

  The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of financial assets**

  The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

**7. Critical accounting estimates and judgments (continued)**

- **Going concern**

  The Directors have reviewed the Company's financial position as at 31 March 2019 and are of the opinion that the Company is in a position to meet its future commitments as they fall due. Based on the aforementioned going concern analysis, it is concluded that the Company is deemed a going concern.

**8. Change in accounting policy**

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' from 1 January 2018. Although, there is no impact on the financial statements from the application of the IFRS 15, apart from the relevant disclosures as described in note 4. The effect of the application of IFRS 9 is described in note 3.

**9. Revenue**

| | **01/04/2018-31/03/2019** | 01/04/2017-31/03/2018 |
|---|---|---|
| | **GB£** | GB£ |
| Loan interest income (Notes 14 and 15) | **1.524** | 1.509 |
| | **1.524** | 1.509 |

**10. Administration expenses**

| | **01/04/2018-31/03/2019** | 01/04/2017-31/03/2018 |
|---|---|---|
| | **GB£** | GB£ |
| Annual levy | **313** | 431 |
| Auditors' remuneration | **3.070** | 2.615 |
| Accounting fees | **1.032** | 1.049 |
| Other professional fees | **4.423** | 5.517 |
| | **8.838** | 9.612 |

# NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

**11. Finance income/(costs)**

| | 01/04/2018-31/03/2019 GB£ | 01/04/2017-31/03/2018 GB£ |
|---|---|---|
| **Finance income** | | |
| Unrealised foreign exchange profit | **2.256** | - |
| | **2.256** | - |
| **Finance costs** | | |
| Interest on taxes | **-** | 27 |
| Bank charges | **-** | 531 |
| Realised foreign exchange loss | **142** | 42 |
| Unrealised foreign exchange loss | **-** | 5.820 |
| | **142** | 6.420 |

**12. Tax**

| | 01/04/2018-31/03/2019 GB£ | 01/04/2017-31/03/2018 GB£ |
|---|---|---|
| Corporation tax | **407** | 299 |
| **Charge for the year** | **407** | 299 |

The tax on the Company's results before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

| | 01/04/2018-31/03/2019 GB£ | 01/04/2017-31/03/2018 GB£ |
|---|---|---|
| Loss before tax | **(11.296)** | (20.560) |
| Tax calculated at the applicable tax rates | **(1.412)** | (2.570) |
| Tax effect of expenses not deductible for tax purposes | **2.064** | 2.842 |
| Tax effect of allowances and income not subject to tax | **(282)** | - |
| 10% additional charge | **37** | 27 |
| **Tax charge** | **407** | 299 |

The corporation tax rate is 12,5% (2018: 12,5%).

# NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

## 13. Investments in subsidiaries

| | 2019 GB£ | 2018 GB£ |
|---|---|---|
| Balance at 1 April | **100.000** | 100.000 |
| **Balance at 31 March** | **100.000** | 100.000 |

The details of the subsidiary is as follows:

| Name | Country of incorporation | Principal activities | 31/03/2019 Holding % | 31/03/2018 Holding % | 31/03/2019 GB£ | 31/03/2018 GB£ |
|---|---|---|---|---|---|---|
| Flexiglobal (UK) Ltd | United Kingdom | Distribution activities | **100** | 100 | **100.000** | 100.000 |
| | | | | | **100.000** | 100.000 |

## 14. Other financial assets at amortised cost

| | 2019 GB£ | 2018 GB£ |
|---|---|---|
| Balance at 1 April | **-** | - |
| Effect of initial application of IFRS 9 - reclassification (Note 15) | **150.838** | - |
| Balance at 1 April - restated | **150.838** | - |
| Interest charged (Note 9) | **1.524** | - |
| Exchange differences | **11.304** | - |
| **Balance at 31 March** | **163.666** | - |

On 9 July 2012, the Company entered into a loan agreement with a third party, where the Company provided funds amounting to US$200.000. The loan carries an interest rate of 1% per annum, is unsecured and is repayable on 9 July 2020.

The interest income for the year amounting to GB£1.524 (US$2.000) (2018: GB£1.509) was recognised through profit or loss.

The exposure of the Company to credit risk in relation to loans receivable is reported in note 6 of the financial statements.

## 15. Loans receivable

| | 2019 GB£ | 2018 GB£ |
|---|---|---|
| Balance at 1 April | **150.838** | 167.694 |
| Effect of initial application of IFRS 9 - reclassification (Note 14) | **(150.838)** | - |
| Balance at 1 April - restated | **-** | 167.694 |
| Interest charged | **-** | 1.509 |
| Unrealised exchange difference | **-** | (18.365) |
| **Balance at 31 March** | **-** | 150.838 |

**16. Trade and other receivables**

| | **31/03/2019** | 31/03/2018 |
|---|---|---|
| | **GB£** | GB£ |
| Deposits and prepayments | **-** | 1.830 |
| | **-** | 1.830 |

The Company's trade and other receivables are denominated in the following currencies:

| | **31/03/2019** | 31/03/2018 |
|---|---|---|
| | **GB£** | GB£ |
| Euro | **-** | 1.830 |
| | **-** | 1.830 |

**17. Cash at bank**

Cash balances are analysed as follows:

| | **31/03/2019** | 31/03/2018 |
|---|---|---|
| | **GB£** | GB£ |
| Cash at bank | **51.005** | 51.065 |
| | **51.005** | 51.065 |

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

| | **31/03/2019** | 31/03/2018 |
|---|---|---|
| | **GB£** | GB£ |
| Cash at bank and in hand | **51.005** | 51.065 |
| | **51.005** | 51.065 |

**Cash and cash equivalents by currency:**

| | **31/03/2019** | 31/03/2018 |
|---|---|---|
| | **GB£** | GB£ |
| United States Dollars | **6.241** | 6.301 |
| Euro | **14** | 14 |
| British Pounds | **44.750** | 44.750 |
| | **51.005** | 51.065 |

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

**18. Share capital**

| | 31/03/2019 Number of shares | 31/03/2019 GB£ | 31/03/2018 Number of shares | 31/03/2018 GB£ |
|---|---|---|---|---|
| **Authorised** | | | | |
| Ordinary shares of €1 each | **200.000** | **200.000** | 200.000 | 200.000 |
| | | **GB£** | | GB£ |
| **Issued and fully paid** | | | | |
| Balance at 1 April | **200.000** | **96.732** | 200.000 | 96.732 |
| **Balance at 31 March** | **200.000** | **96.732** | 200.000 | 96.732 |

**19. Borrowings**

| | 2019 GB£ | 2018 GB£ |
|---|---|---|
| Balance at 1 April | **175.297** | 190.348 |
| Interest charge (Note 22.1) | **6.096** | 6.037 |
| Unrealised exchange difference | **13.165** | (21.088) |
| **Balance at 31 March** | **194.558** | 175.297 |

On 9 July 2012, the Company entered into a loan agreement with its parent company, where the Company obtained funds amounting to US$200.000. The loan carries an interest rate of 4% per annum, is unsecured and is repayble on 9 July 2020. The interest expense for the year amounting to GB£6.096 (US$8.000) (2018: GB£6.037) was recognised through profit or loss.

| | 31/03/2019 GB£ | 31/03/2018 GB£ |
|---|---|---|
| **Non-current borrowings** | | |
| Loan from parent company (Note 22.3) | **194.558** | 175.297 |
| | **194.558** | 175.297 |

Maturity of non-current borrowings:

| | 31/03/2019 GB£ | 31/03/2018 GB£ |
|---|---|---|
| Between one and five years | **194.558** | 175.297 |

The weighted average effective interest rates at the reporting date were as follows:

| | 31/03/2019 | 31/03/2018 |
|---|---|---|
| Loan from parent company | **4%** | 4% |

**19. Borrowings (continued)**

The Company's borrowings are denominated in the following currencies:

| | 31/03/2019 | 31/03/2018 |
|---|---|---|
| | GB£ | GB£ |
| United States Dollars | 194.558 | 175.297 |
| | 194.558 | 175.297 |

**20. Trade and other payables**

| | 31/03/2019 | 31/03/2018 |
|---|---|---|
| | GB£ | GB£ |
| Shareholders' current accounts - credit balances (Note 22.4) | 61.390 | 65.741 |
| Accruals | 4.959 | 6.796 |
| Other creditors | 1.809 | 1.628 |
| Payables to own subsidiary (Note 22.2) | 34.918 | 25.931 |
| | 103.076 | 100.096 |

The Company's trade and other payables are denominated in the following currencies:

| | 31/03/2019 | 31/03/2018 |
|---|---|---|
| | GB£ | GB£ |
| United States Dollars | 8.451 | 7.899 |
| Euro | 51.555 | 70.502 |
| British Pounds | 43.070 | 21.695 |
| | 103.076 | 100.096 |

**21. Current tax liabilities**

| | 31/03/2019 | 31/03/2018 |
|---|---|---|
| | GB£ | GB£ |
| Corporation tax | 699 | 299 |
| | 699 | 299 |

**22. Related party transactions**

Related parties exist if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The company is controlled by Flexituff International Limited, incorporated in India, which owns 100% of the Company's shares. The ultimate controlling parties of the Company are individuals, who are not residents in the Republic of Cyprus.

The related party transactions made during the current and prior period, are as follows:

**22.1 Loan interest expense (Note 18)**

| | | 01/04/2018-31/03/2019 | 01/04/2017-31/03/2018 |
|---|---|---|---|
| Nature of relationship | Nature of transactions | GB£ | GB£ |
| Parent company | Trade - Finance | 6.096 | 6.037 |
| | | 6.096 | 6.037 |

# NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2019

## 22. Related party transactions (continued)

### 22.2 Payables to related parties (Note 20)

| Nature of relationship | Nature of transactions | **31/03/2019 GB£** | 31/03/2018 GB£ |
|---|---|---|---|
| Subsidiary | Finance | **34.918** | 25.931 |
| | | **34.918** | 25.931 |

### 22.3 Loans from related parties (Note 19)

| Nature of relationship | Nature of transactions | **31/03/2019 GB£** | 31/03/2018 GB£ |
|---|---|---|---|
| Parent company | Trade - Finance | **194.558** | 175.297 |
| | | **194.558** | 175.297 |

### 22.4 Shareholder's current account - credit balance (Note 20)

| | **31/03/2019 GB£** | 31/03/2018 GB£ |
|---|---|---|
| Shareholder's current account | **61.390** | 65.741 |
| | **61.390** | 65.741 |

The shareholder's current account is interest free, and has no specified repayment date.

## 23. Contingent liabilities

The Company had no contingent liabilities as at 31 March 2019.

## 24. Commitments

The Company had no capital or other commitments as at 31 March 2019.

## 25. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

**Independent auditor's report on pages 2 to 4**