

Registrar's Copy

**Trend Finco Limited**

Report and Financial Statements

For the Period Ended

31 December 2019

Company Number 11720748



# **TREND FINCO LIMITED**

## **Report and financial statements for the period ended 31 December 2019**

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### **Directors**

Mathew Hutchinson  
Ben Lewis  
Paul Walsh  
Scott Paterson

### **Registered office**

Stokenchurch House  
Oxford Road  
Stokenchurch  
High Wycombe  
Buckinghamshire  
HP14 3SX

### **Company number**

11720748

### **Auditor**

BDO LLP, Level 12, Thames Tower, Reading, Berkshire, RG1 1LX

### **Banker**

HSBC Bank plc, 19 Midsummer Place, Milton Keynes, MK9 3GB

# TREND FINCO LIMITED

## Strategic report for the period ended 31 December 2019

The directors present the strategic report together with the audited financial statements for the period ended 31 December 2019.

### Strategic review of the business

TREND Finco Limited was incorporated on 10 December 2018 and is the intermediate parent company of a group of companies. On 11 December 2018 TREND Finco Limited acquired the shareholding of TREND Midco Limited for £1. On 11 December 2018 TREND Midco Limited acquired the shareholding of TREND Bidco Limited for £1. On 20 December 2018, TREND Bidco Limited acquired the Networks division of companies from IDEAL Industries Holdings Limited, being IDEAL Industries Networks Limited, IDEAL Industries GmbH, IDEAL Industries SAS and ID Networks US LLC ("Networks") for £26,951k, plus acquisition costs of £714k. TREND Bidco Limited, on behalf of the group, took out loans with HSBC Bank plc for £8,600k and also secured a revolving credit facility of £2,000k the cash flow risks commentary below details out how management are monitoring this risk.

The directors utilise various Key Performance Indicators in order to measure the performance of the business. These include order intake, sales, gross margins, operating profit, cash at bank and in hand, shareholders deficit, debtors days and inventory days. These have all performed in line with expectations set at the time of the budget. The directors have monitored order intake, this is in line with the budgeted figures for the period. The directors are satisfied that the results are all considered to be in line with expectation.

	13 month period ended 31 December 2019 £000
Turnover	14,452
Gross profit %	61.8%
Operating loss	(1,561)
Cash at bank and in hand	3,982
Shareholder's deficit	(3,261)
Debtors days	59
Inventory days	117

### Future developments

The directors intend that the Group will continue to expand current operation by looking at acquisitions, continued investments, market growth and cost control

### Research and Development

The Group continued to invest in the development of its core products, with a focus on software releases for current products and project development on future releases. The total research and development activities undertaken by the group, including related salaries amounted to £1,319k. R&D tax credits of £51k have been claimed against these incurred costs.

### Subsequent events disclosures

There has been a global outbreak of the Covid-19 virus since December 2019. Trend Finco Limited and its subsidiaries have experienced some impact from the resulting slowdown in the global economies and will continue to do so. However, the Group and Company are well positioned to withstand any future uncertainties due to its diverse geographical footprint and customer base. In addition, the products sold by the Group test and maintain data networks which are classed as critical infrastructure and of higher importance now than ever. Our expertise in data networking has enabled us to ensure all our offices remain fully supported and operational throughout the pandemic and employees are able to work from home with no disruption to service or supply chains.

# TREND FINCO LIMITED

## Strategic report for the period ended 31 December 2019

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### Principal risks and uncertainties

The Group is exposed to the general economic conditions in each of the countries it operates in. Management regularly monitor the performance of the Group against agreed targets to ensure that the Group and the Company are able to continue to meet its obligations as they fall due.

#### *Credit risk*

The Group's principal financial assets are cash and trade debtors. The credit risk associated with the cash is managed by the Group monitoring the financial position of the counterparties involved. The principal credit risk arises from its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. This has resulted in minimal payment defaults during the year.

#### *Interest rate risk*

The Group's external borrowings attract interest at a rate which combines fixed and variable elements. The variable element of the interest rate is agreed on a regular basis with the lender.

#### *Liquidity risk*

Current and projected working capital demand in the Company's subsidiaries are reviewed in conjunction with the Group's existing financing facilities to determine cash requirements as part of the routine reporting process.

#### *Brexit*

For the Group, the risks in association with Brexit have generally been mitigated by our subsidiaries presence already in the EU. We are able to hold stock on mainland EU for serving those regions, therefore not having to flow stock through the UK to serve the EU. This will mean our risk in relation to stockholding and transportation amongst other smaller risks in relation to serving the EU are mitigated. Stock flowing into the UK from outside of the UK should receive minimal disruption due to its transportation route. For the Company, these relate to holding investments in trading companies that have stock and therefore there is a risk to

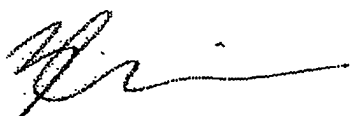
#### *Cash flow risk*

On 13 March 2019, TREND Bidco Limited, on behalf of the Group, borrowed funds from HSBC Bank plc, the loan is split into two different term agreements and the loan totaled £8,600k, it also agreed a revolving credit facility (RCF) of £2,000k. Details of the interest and charges are shown in Note 15.

The Group's operations are cash positive and not capital intensive. Management continually monitor interest rate and liquidity risk and prepare cashflow forecasts on a regular basis to monitor the ability to repay capital and interest as it falls due.

### Approval

The strategic report was approved by the order of the board on 27 August 2020



Ben Lewis

Director

Company Registration Number: 11720748

# **TREND FINCO LIMITED**

## **Report of the directors for the period ended 31 December 2019**

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The Directors have pleasure in submitting their report with the audited financial statements for the 13 month period ended 31 December 2019.

### **Principal activity**

The Group is principally engaged in the sale of equipment for the use in the installation and maintenance of LAN/WAN networks.

The Company is an intermediate holding company in the TREND Topco Limited group of companies, a company registered in Jersey.

### **Results and dividends**

The consolidated statement of comprehensive income is set out on page 8 and shows a profit for the period.

For the Company, the directors do not recommend payment of a dividend for the period ended 31 December 2019.

For the Group, a £98k dividend was recommended and paid from IDEAL Industries SAS to TREND Bidco Limited during the period.

### **Information in the Strategic Report**

The Group has elected to set out in the Group's strategic report information required to be included in the directors' report. The strategic report includes a review of the development and performance of the business, including the future outlook with a description of the principal risks and uncertainties that the Group faces.

### **Directors**

The directors who served during the period and to the date of this report were as follows:

Mathew Hutchinson (appointed 10 December 2018)

Ben Lewis (appointed 10 December 2018)

James Whittington (appointed 19 December 2018, resigned 14 January 2019)

Paul Walsh (appointed 20 May 2020)

Scott Paterson (appointed 20 May 2020)

TREND Bidco Limited purchased and maintained Directors and Officers Liability Insurance from the point of acquisition.

# TREND FINCO LIMITED

## Report of the directors for the period ended 31 December 2019 *(continued)*

### Directors' Responsibilities Statement

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and 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 Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

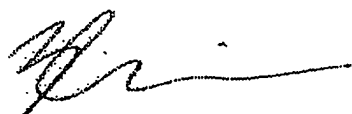
In so far as the directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor

BDO LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial period in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of that Act.

By order of the board



Ben Lewis  
Director

Date: 27 August 2020

Company Registration Number: 11720748

# TREND FINCO LIMITED

## Independent auditor's report

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### INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF TREND FINCO LIMITED AND ITS SUBSIDIARIES

#### Opinion

We have audited the financial statements of TREND Finco Limited ("the Parent Company") and its subsidiaries ("the Group") for the 13 month period ended 31 December 2019 which comprise the consolidated statement of total comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

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

#### Basis for opinion

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report of the directors and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

# TREND FINCO LIMITED

## Independent auditor's report (*continued*)

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### Other information (*continued*)

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

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

### Matters on which we are required to report by exception

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 and Report of the directors'.

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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, 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.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



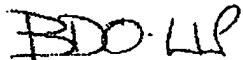
# TREND FINCO LIMITED

## Independent auditor's report (*continued*)

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### 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.



Date: 27 August 2020

**Christopher Pooles** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Reading, United Kingdom  
[DATE]

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

# TREND FINCO LIMITED

## Consolidated statement of total comprehensive income for the period ended 31 December 2019

	Note	13 month period ended 31 December 2019 £'000
<b>Turnover</b>	3	<b>14,452</b>
Cost of sales		(5,514)
<b>Gross profit</b>		<b>8,938</b>
Administrative expenses		(10,499)
<b>Operating loss</b>	4	<b>(1,561)</b>
Interest payable and similar charges	5	(1,981)
<b>Loss on ordinary activities before taxation</b>		<b>(3,542)</b>
Taxation on profit on ordinary activities	8	513
<b>Loss for the financial period</b>		<b>(3,029)</b>
<b>Other comprehensive income for the period</b>		<b>(232)</b>
Currency translation differences		(232)
<b>Total comprehensive loss for the period</b>		<b>(3,261)</b>

All amounts relate to continuing activities.

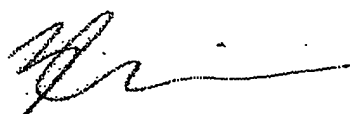
The notes on pages 13 to 30 form part of these financial statements.

# TREND FINCO LIMITED

## Consolidated statement of financial position at 31 December 2019

	Note	2019 £'000	2019 £'000
<b>Fixed assets</b>			
Intangible assets	9	24,649	
Tangible assets	10	617	
		<hr/>	25,266
<b>Current assets</b>			
Stocks	12	1,763	
Debtors	13	4,021	
Cash at bank and in hand		3,982	
		<hr/>	
		9,766	
<b>Creditors: amounts falling due within one year</b>	14	(19,269)	
		<hr/>	
<b>Net current liabilities</b>			(9,503)
			<hr/>
<b>Total assets less current liabilities</b>			15,763
<b>Creditors: amounts falling due after more than one year</b>	15		(19,024)
			<hr/>
<b>Net Liabilities</b>			(3,261)
			<hr/>
<b>Capital and reserves</b>			
Called up share capital	19		-
Profit and loss account			(3,261)
			<hr/>
<b>Shareholder's deficit</b>			(3,261)
			<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 27 August 2020



Ben Lewis  
Director

Company Registration Number 11720748

The notes on pages 13 to 30 form part of these financial statements.

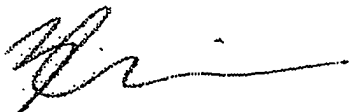
# TREND FINCO LIMITED

## Company statement of financial position at 31 December 2019

	Note	2019 £'000	2019 £'000
<b>Fixed assets</b>			
Investments	11		-
			<u>-</u>
<b>Current assets</b>			
Debtors	13	24,100	
Cash at bank and in hand		-	
		<u>24,100</u>	
<b>Creditors: amounts falling due within one year</b>	14	<b>(14,431)</b>	
<b>Net current assets</b>			<u><b>9,669</b></u>
<b>Total assets less current liabilities</b>			<b>9,669</b>
<b>Creditors: amounts falling due after more than one year</b>	15		<u><b>(11,029)</b></u>
<b>Total assets less current liabilities, being net liabilities</b>			<u><u><b>(1,360)</b></u></u>
<b>Capital and reserves</b>			
Called up share capital	19		-
Profit and loss account			<u><b>(1,360)</b></u>
<b>Shareholder's deficit</b>			<u><u><b>(1,360)</b></u></u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The loss in respect of the Company for the period was £1,360k.

The financial statements were approved by the Board of Directors and authorised for issue on 27 August 2020



Ben Lewis  
Director

Company Registration Number 11720748

The notes on pages 13 to 30 form part of these financial statements.

## TREND FINCO LIMITED

### Consolidated statement of changes in equity for the period ended 31 December 2019

	Note	Share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 10 December 2018		-	-	-
<i>Comprehensive loss for the period</i> Loss for the period		-	(3,029)	(3,029)
Currency translation differences		-	(232)	(232)
Other comprehensive income for the period		-	(232)	(232)
Total comprehensive loss for the period		-	(3,261)	(3,261)
Contributions by and distributions to owners Share Issue on incorporation:	19	-	-	-
Total contributions by and distributions to owners		-	-	-
Balance at 31 December 2019		-	(3,261)	(3,261)

## TREND FINCO LIMITED

### Company statement of changes in equity for the period ended 31 December 2019

	Note	Share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 10 December 2018	19	-	-	-
<i>Comprehensive loss for the period</i> Loss for the period		-	(1,360)	(1,360)
Total comprehensive loss for the period		-	(1,360)	(1,360)
Balance at 31 December 2019		-	(1,360)	(1,360)

The notes on pages 13 to 30 form part of these financial statements.

# TREND FINCO LIMITED

## Consolidated statement of cash flows for the period ended 31 December 2019

		13 month period ended 31 December 2019 £'000
<b>Cash flows from operating activities</b>		
<b>Loss for the financial period</b>		(3,029)
Adjustments for:		
Depreciation of fixed assets	10	76
Amortisation of intangible assets	9	3,822
Loss on disposal of fixed assets	10	1
Net interest payable	5	1,981
Taxation expense		(513)
Foreign exchange		(292)
Increase in trade and other debtors		(845)
Increase in stocks		(732)
Decrease in trade and other creditors		(1,210)
		(741)
<b>Cash from operations</b>		
Interest paid		(480)
Income taxes paid		(99)
<b>Net cash generated from operating activities</b>		(1,320)
<b>Cash flows from investing activities</b>		
Purchases of tangible fixed assets	10	(588)
Purchases of intangible fixed assets	9	(524)
Purchase of business undertaking		(27,665)
Cash acquired with subsidiary undertakings		2,284
<b>Net cash used in investing activities</b>		(26,493)
<b>Cash flows from financing activities</b>		
New loan from parent undertaking		12,932
New loan from ultimate controlling party		8,421
Loan Notes issued		11,029
New bank loans		8,600
Financing costs attributable to Bank loans		(741)
Bank loan repayments		(85)
Ultimate controlling party loan repayments		(8,421)
<b>Net cash used in financing activities</b>		31,735
<b>Net increase in cash and cash equivalents</b>		3,922
Cash and cash equivalents at beginning of period		-
Foreign exchange gains and losses		60
<b>Cash and cash equivalents at end of period</b>		3,982
<b>Cash and cash equivalents comprise:</b>		
Cash at bank and in hand		3,982

The notes on page 13 to 30 form part of these financial statements

# TREND FINCO LIMITED

## Notes forming part of the financial statements for the period ended 31 December 2019

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### 1 Accounting policies

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. TREND Finco Limited ("the Company") is a private company limited by shares, incorporated in England & Wales under the Companies Act.

The address of the registered office is given on the contents page and the nature of the Group's operations and its principal activities are set out in the strategic report.

The presentation currency of these financial statements is sterling. All amounts included in the financial statements have been rounded to £ thousands.

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

#### *Parent company disclosure exemptions*

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's income, expense, net gains and net losses on financial instruments measured at amortised cost have not been presented as equivalent disclosures have been provided in respect of the Group as a whole, and;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

#### *Basis of consolidation*

The consolidated financial statements present the results of TREND Finco Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the financial reporting, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

#### *Going concern*

The Directors have considered the effects of Covid-19 on the going concern of the Group and Company. Whilst there has been and is likely to continue to be some level of impact on the business, the Company and the Group which it heads is well-positioned for the current economic challenges due to its diverse customer base and its products being used when installing and maintaining the critical infrastructure around data networks.

The Directors have prepared financial and cashflow forecasts covering a period including 12 months from the date of these financial statements. These forecasts show that applying any reasonably foreseeable sensitivity to the key assumptions of revenue generation and customer payment periods the Group and Company can continue to operate without the need for any third party support during that period.

# TREND FINCO LIMITED

## Notes forming part of the financial statements for the period ended 31 December 2019 *(continued)*

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### 1 Accounting policies *(continued)*

#### *Going concern (continued)*

The company's ultimate parent company Trend Topco Limited has provided a letter of support and confirmed that the intercompany creditor will not be called due for repayment within 12 months of the approval of these financial statements, unless the company has the ability to do so.

As a result of the above the Directors concluded that there are no material uncertainties that lead to significant doubt upon the Company's ability to continue as a going concern and the accounts of the Company were approved as presented.

#### *Turnover*

Turnover is the total amount receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or, in rare cases, the product being ready for delivery, based on specific contract terms.

Revenue from services provided by the Group is recognised when the Group has performed its obligations and in exchange obtained the right to consideration.

#### *Intangible assets*

##### *Research and Development costs*

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research is recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate that the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised to 'administrative expenses' on a straight-line basis over their expected useful economic lives, which are 5 years. Amortisation begins when the intangible assets is available for use, i.e. when product is released to the market as a saleable item.

The expected useful economic life of development costs are estimated on business plans which set out the development plan and time to market for the associated project.

If it is not possible to distinguish between the research phase and the development phase of an internal project the expenditure is treated as if it were all incurred in the research phase only.

#### *Goodwill*

Goodwill arising on the acquisition of subsidiary undertakings and businesses represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. The goodwill arising on the acquisition of IDEAL Industries Networks Limited, IDEAL Industries GmbH, IDEAL Industries SAS and ID Networks US LLC are being amortised on a straight-line basis over its estimated useful life of 10 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.



# TREND FINCO LIMITED

## Notes forming part of the financial statements for the period ended 31 December 2019 *(continued)*

### 1 Accounting policies *(continued)*

#### *Other intangible assets recognised on acquisition (continued)*

Other Intangible assets arising on the acquisition of subsidiary undertakings and businesses represents the valuation of the cost of a business combination over the fair value of the Group's share of the net identifiable assets for the relevant intangible asset class of the acquired subsidiary at the date of acquisition. The other intangible assets arising on the acquisition of IDEAL Industries Networks Limited, IDEAL Industries GmbH, IDEAL Industries SAS and ID Networks US LLC are being amortised on a straight-line basis over their estimated useful life as follows:

Developed Technology	- 5 years
IPR&D	- 7 years
Customer Relationships	- 10 years
Trade Names	- 15 years

The expected useful economic life of Developed Technology was determined on consideration of the average product life cycle left for the products already developed.

The expected useful economic life of IPR&D is based on the estimated life cycle for the products being developed at point of acquisition. This has been based on, consideration of expected length of time until release of each products to the market and the average product life cycle for the products already developed and on the markets historically sold into.

The expected useful economic life of Customer relationships are based on forecasted customer retention lengths.

The expected useful economic life of Trade names are estimated based on consideration of the relative age and strength in the market place of each product name and the expectations of their continued use and relevance in the market, based on historic and forward looking data.

#### *Foreign currency translation*

Foreign currency transactions are translated into the group entity's functional currency using the exchange rates prevailing at the start of each month in which the transactions occurred. 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 the statement of total comprehensive income.

Assets, liabilities and results of overseas subsidiaries are translated into sterling at rates ruling at the year end date. Exchange adjustments arising on retranslation of opening net assets and on retranslating the results for the year are recognised in other comprehensive income. All other translation differences are taken to the income statement.

#### *Tangible fixed assets*

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

Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

# TREND FINCO LIMITED

## Notes forming part of the financial statements for the period ended 31 December 2019 *(continued)*

### 1 Accounting policies *(continued)*

#### *Depreciation*

Assets are measured at depreciated historical cost. Demonstration equipment is depreciated under the plant and equipment category and is depreciated over five years. Depreciation is provided to write off the cost of the tangible fixed assets, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Fixtures and fittings	- 5 years
Computer equipment	- 3 to 5 years
Plant and equipment	- 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the statement of comprehensive income.

#### *Impairment of fixed assets and goodwill.*

Fixed assets and goodwill are assessed at each reporting date to determine whether there is any indication that the asset is impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit (CGU) to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing an impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the statement of comprehensive income.

#### *Valuation of investments*

Investments in subsidiaries are measured at cost less any provision for impairment.

Investments in unlisted company shares, which have been classified as fixed asset investments as the Group intends to hold them on a continuing basis, are measured at cost less impairment as their fair value cannot be reliably measured.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value, after provisions are made in respect of obsolete and slow moving items on a category-by-category basis.

Cost of raw materials, consumables and goods for resale is based on purchased cost on a first-in, first-out basis.

Cost of finished goods is based on the cost of direct materials on a first-in, first-out basis. In the case of goods of own manufacture, cost includes the relevant proportion of works overheads.

Net realisable value is the estimated selling price less all further costs to complete and sell.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

# TREND FINCO LIMITED

## Notes forming part of the financial statements for the period ended 31 December 2019 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Financial assets*

Financial assets, other than investments, are initially measured at transactions price and subsequently held at cost, less any impairment.

#### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

#### *Operating leases*

All leases are operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

#### *Holiday pay accrual*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the financial reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the financial reporting date.

#### *Current and deferred taxation*

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the financial reporting date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balance are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

# TREND FINCO LIMITED

## Notes forming part of the financial statements for the period ended 31 December 2019 (*continued*)

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### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, be likely to differ from the related actual results.

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

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the Group's intangible and tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether the expenditure incurred relating to the development of new products will give rise to future economic benefit and whether it meets the criteria required for capitalisation.
- Determine whether leases entered into by the Company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

#### *Other key sources of estimation uncertainty*

- *Intangible assets (see note 9)*

Intangible assets are amortised over their estimated useful lives. The actual lives of the assets are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

- *Tangible fixed assets (see note 10)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Stock (see note 12)*

Stock held is reviewed for impairment on an annual basis and provision made for any items where there is uncertainty that they can be sold. Judgement is made as to whether the stock is slow and obsolete and impaired accordingly.

- *Deferred tax (see note 17)*

Unrelieved taxation losses are reviewed for recoverability on an annual basis together with taxable profits earned and forecast to be earned in the relevant trades for which deferred tax assets would be recognised. Management estimate the extent to which they consider the likelihood of utilisation of taxation losses in the future to be probable.

# TREND FINCO LIMITED

Notes forming part of the financial statements  
for the period ended 31 December 2019 *(continued)*

## 3 Analysis of turnover

	13 month period ended 31 December 2019 £'000
Analysis of turnover by country of destination:	
Germany	3,980
United States of America	2,498
France	2,235
United Kingdom	1,743
Rest of Europe	2,925
Rest of world	1,071
	<u>14,452</u>

## 4 Operating loss

	13 month period ended 31 December 2019 £'000
This is arrived at after charging/(crediting):	
Research & Development	794
R&D Tax credits	(51)
Amortisation of intangible assets	3,822
Depreciation of tangible fixed assets	76
Fees payable to the Company's auditors and its associates for the audit of the Company's annual accounts	8
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation	99
Exchange differences	243
Hire of plant and machinery (excluding operating leases)	1
Other operating lease rentals	<u>240</u>

# TREND FINCO LIMITED

Notes forming part of the financial statements  
for the period ended 31 December 2019 *(continued)*

## 5 Interest payable and similar charges

	Group 13 month period ended 31 December 2019 £'000
Interest payable to related parties	258
Interest on bank loan	356
Interest on loan note	1,367
	<hr/> 1,981 <hr/>

## 6 Employees

	Group 13 month period ended 31 December 2019 £'000
Staff costs consist of:	
Wages and salaries	2,469
Social security costs	363
Cost of defined contribution scheme	161
	<hr/> 2,993 <hr/>

ID Networks US LLC did not directly employ members of staff in the financial period. However, the hired temporary workers converted to directly employed staff in 2020. The value of temporary staff in the current financial period was £817k.

The average number of employees during the period was as follows:

	2019 Number
Production	4
Design and Development	11
Sales and marketing	10
Administration	21
	<hr/> 46 <hr/>

The Company had no employees during the current period and therefore no employee costs.

# TREND FINCO LIMITED

## Notes forming part of the financial statements for the period ended 31 December 2019 *(continued)*

### 7 Directors' remuneration

For the Group, the key management personnel during the period are considered to include statutory and non-statutory directors, who together have the authority and responsibility for planning, directing and controlling the activities of the Group.

No emoluments were paid to statutory directors that served during the period.

### 8 Taxation on profit on ordinary activities

	Group 13 month period ended 31 December 2019 £'000
<i>Current tax</i>	
UK corporation tax for the period	-
Current tax on foreign income for the period	89
	<hr/>
Total current tax	89
<i>Deferred tax</i>	
Origination and reversal of timing differences	(602)
	<hr/>
	(602)
	<hr/>
Taxation on loss for the period	(513)
	<hr/>

#### *Reconciliation of current tax credit*

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	Group 13 month period ended 31 December 2019 £'000
Loss on ordinary activities before tax	(3,542)
	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19%	(673)
	<hr/>
Effects of:	
Expenses not deductible for tax purposes	29
Fixed asset difference	286
Other permanent differences	3
Group Relief surrendered	25
Difference in tax rates – overseas tax	10
Adjustment to deferred tax in respect to changes in tax rates	(20)
Deferred tax not recognised	(173)
	<hr/>
Total tax credit for period	(513)
	<hr/>

## TREND FINCO LIMITED

Notes forming part of the financial statements  
for the period ended 31 December 2019 *(continued)*

### 9 Intangible assets

Group	Development Costs £'000	Developed Technology £'000	IPR&D £'000	Customer Relationships £'000	Trade Names £'000	Goodwill on Consolidation £'000	Total £'000
<i>Valuation</i>							
At 10 December 2018	-	-	-	-	-	-	-
On acquisition of subsidiaries	-	7,529	5,858	2,746	831	10,983	27,947
Additions	524	-	-	-	-	-	524
	<u>524</u>	<u>7,529</u>	<u>5,858</u>	<u>2,746</u>	<u>831</u>	<u>10,983</u>	<u>28,471</u>
At 31 December 2019	524	7,529	5,858	2,746	831	10,983	28,471
<i>Amortisation</i>							
At 10 December 2018	-	-	-	-	-	-	-
Provision for period	51	1,506	837	275	55	1,098	3,822
	<u>51</u>	<u>1,506</u>	<u>837</u>	<u>275</u>	<u>55</u>	<u>1,098</u>	<u>3,822</u>
At 31 December 2019	51	1,506	837	275	55	1,098	3,822
<i>Net book value</i>							
At 31 December 2019	473	6,023	5,021	2,471	776	9,885	24,649



# TREND FINCO LIMITED

Notes forming part of the financial statements  
for the period ended 31 December 2019 (*continued*)

## 10 Tangible fixed assets

Group	Assets in course of construction £'000	Fixtures and fittings £'000	Computer equipment £'000	Plant and equipment £'000	Total £'000
<i>Cost</i>					
At 10 December 2018	-	-	-	-	-
Acquisition of subsidiaries	-	19	22	65	106
Additions	110	64	61	353	588
Disposals	-	-	(1)	-	(1)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	110	83	82	418	693
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 10 December 2018	-	-	-	-	-
Provision for period	-	17	24	35	76
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2019	-	17	24	35	76
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 December 2019	110	66	58	383	617
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## 11 Fixed asset investments

£'000

Acquisition of TREND Midco Limited	1
------------------------------------	---

On 11 December 2018, TREND Finco Limited acquired 100% of the share capital of TREND Midco Limited for £1. On the same day, TREND Midco Limited acquired 100% of the share capital of TREND Bidco Limited for £1.

On 20 December 2018, TREND Bidco Limited acquired 100% of the Networks Group, being IDEAL Industries Networks Limited, IDEAL Industries GmbH, IDEAL Industries SAS and ID Networks US LLC, from IDEAL Industries Holdings Limited for £26,951k, plus acquisition costs of £714k.

### Principal investments

The undertakings in which the Company's interest at year end is 20% or more are as follows:

	Country of Incorporation	Class of share	% of share capital held	Nature of business
<b>Directly owned</b>				
TREND Midco Limited	United Kingdom	Ordinary	100%	Management
<b>Indirectly owned</b>				
TREND Bidco Limited	United Kingdom	Ordinary	100%	Management
IDEAL Industries Networks Limited	United Kingdom	Ordinary	100%	Trading
IDEAL Industries GmbH	Germany	Ordinary	100%	Trading
IDEAL Industries SAS	France	Ordinary	100%	Trading
ID Networks US LLC	United States	Ordinary	100%	Trading

# TREND FINCO LIMITED

Notes forming part of the financial statements  
for the period ended 31 December 2019 *(continued)*

## 11 Fixed asset investments *(continued)*

### Principal investments *(continued)*

All trading businesses are principally engaged in the sale of equipment for the use in the installation and maintenance of LAN/WAN networks.

Registered office address;	
TREND Midco Limited	Stokenchurch House, Oxford Road, Stokenchurch, High Wycombe, Buckinghamshire, United Kingdom, HP14 3SX
TREND Bidco Limited	Stokenchurch House, Oxford Road, Stokenchurch, High Wycombe, Buckinghamshire, United Kingdom, HP14 3SX
IDEAL Industries Networks Limited	Stokenchurch House, Oxford Road, Stokenchurch, High Wycombe, Buckinghamshire, United Kingdom, HP14 3SX
IDEAL Industries GmbH	Gutenbergersgrasse, 10, Ismaning, D-85737, Germany
IDEAL Industries SAS	Burospace-Batiment 23, Route de Gisy, Bievers, Cedex 91571, France
ID Networks US LLC	300 Roundhill Drive, Suite 1, Rockaway, NJ-07866, USA

## 12 Stocks

	Group 2019 £'000
Raw materials and consumables	589
Finished goods	1,174
	<hr/> 1,763 <hr/>

The Company does not hold any stock.

## 13 Debtors

	Group 2019 £'000	Company 2019 £'000
Trade Debtors	2,332	-
Amounts owed from group undertakings	-	24,100
Corporation Tax	20	-
Deferred Tax	958	-
R&D Tax Credit	51	-
VAT	138	-
Other Debtors	97	-
Prepayments and accrued income	425	-
	<hr/> 4,021 <hr/>	<hr/> 24,100 <hr/>

Trade Debtors are stated after provisions for impairment of £54k.

All amounts shown under debtors fall due for payment within one year. Amounts owed from group undertakings are unsecured and the principal attracts interest at the quarterly REPO rate of the European Central Bank plus 0.75% interest, as per other inter group loans. These loans have no fixed repayment date.

# TREND FINCO LIMITED

Notes forming part of the financial statements  
for the period ended 31 December 2019 *(continued)*

## 14 Creditors: amounts falling due within one year

	Group 2019 £'000	Company 2019 £'000
Trade Creditors	1,239	-
Amounts owed to group undertakings	13,060	13,060
Other Creditors	1,423	1,371
Accruals and deferred income	878	-
Other taxes and social security	111	-
Deferred tax	2,558	-
	<u>19,269</u>	<u>14,431</u>

## 15 Creditors: amounts falling after more than one year

	Group 2019 £'000	Company 2019 £'000
Bank loans	7,995	-
Loan Note	11,029	11,029
	<u>19,024</u>	<u>11,029</u>

The loan note is unsecured, the principal attracts interest at 12% and is repayable on 20 December 2028. The loan notes are held by CPBE Capital LLP. The interest charged for the period was £1,371k.

Group loans, presented as "Due to immediate parent entity", are unsecured and the principal attracts interest at the quarterly REPO rate of the European Central Bank plus 0.75% interest, as per other inter group loans. These loans have no fixed repayment date. The balance at 31 December 2019 includes £128k of accrued interest.

On 11 March 2019, TREND Bidco Limited, an indirect subsidiary of TREND Finco Limited, on behalf of the Group, borrowed funds from HSBC Bank plc under two term loans of £5,200k and £3,400k and agreed a revolving credit facility (RCF) of £2m.

The bank loans are secured by a Group Debenture and a Cross Company Composite Guarantee.

The Group Debenture charge is over TREND Bidco Limited, TREND Midco Limited and IDEAL Industries Networks Limited.

The Cross Company Composite Guarantee is in relation to TREND Midco Limited, TREND Bidco Limited and IDEAL Industries Networks Limited, a New York Law Pledge Agreement, a New York Law Collateral Agreement, a German Law Account Pledge Agreement, a German Law Global Assignment Agreement and a share of EUR 1,000,000 in IDEAL Industries GmbH given by TREND Bidco Limited.

The arrangement and issue of the bank loan incurred costs of £741k. Both the term loans and the revolving credit facility (RCF) balances accrue interest at the rate of LIBOR plus a margin based on the Total debt to EBITDA ratio.

The Facility A term loan has a repayment schedule over 5 years. As at 31 December 2019 the balance owing is £3,315k and all interest due for the period has been paid.

The Facility B term loan has a six year term with repayment on the termination date. As at 31 December 2019 the balance owing is £5,200k and all interest due for the period has been paid.

# TREND FINCO LIMITED

## Notes forming part of the financial statements for the period ended 31 December 2019 *(continued)*

### 15 Creditors: amounts falling after more than one year *(continued)*

The RCF, once drawn, is repayable on the last day of its interest period which is agreed at the point of borrowing.

<b>Maturity of debt:</b>	<b>Bank loans 2019 £'000</b>
In one year or less, or on demand	510
In more than one year but not more than two years	765
In more than two years but not more than five years	2,040
In more than five years	5,200
	<hr/>
	8,515
Unamortised financing costs attributable to Bank loans	(520)
	<hr/>
	7,995
	<hr/> <hr/>

### 16 Financial Instruments

The Group's financial instruments may be analysed as follows:

	<b>2019 £'000</b>
<b>Financial assets</b>	
Financial assets that are debt instruments measured at amortised cost	6,411
	<hr/>
	6,411
	<hr/> <hr/>
<b>Financial liabilities</b>	
Financial liabilities measured at amortised cost	27,583
Financial liabilities that are bank loans	7,995
	<hr/>
	35,578
	<hr/> <hr/>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, and amounts owed to group undertakings, loan notes, other creditors and accruals.

# TREND FINCO LIMITED

## Notes forming part of the financial statements for the period ended 31 December 2019 (continued)

### 17 Deferred taxation

Unrelieved taxation losses remain available to offset against future taxable profits of the same trade to which the losses originate. The directors believe it is appropriate to recognise a deferred tax asset in these financial statements for trading losses in IDEAL Industries Networks Limited within the Group as taxable profits have been achieved in this entity for the relevant trades. The directors do not believe it is appropriate to recognise a deferred tax asset in these financial statements for the other relevant trades of the Group. Should suitable taxable profits arise, these losses would represent an additional deferred tax asset of approximately £0.4m.

Deferred tax assets/(liabilities)	Group 2019 £'000
At 10 December 2018	-
Credited/(charged) to profit or loss	602
On acquisition	835
Deferred tax on differences between fair values and tax bases	(3,037)
	<hr/>
At 31 December 2019	(1,600)
	<hr/>
	Group 2019 £'000
The deferred tax balance is made up as follows:	
<b>Deferred tax asset</b>	
Fixed asset timing differences	70
Short term timing differences	297
Losses and other deductions	591
	<hr/>
<b>Total deferred tax asset</b>	958
	<hr/>
<b>Deferred tax liability</b>	
Deferred tax on differences between fair values and tax bases	2,558
	<hr/>
<b>Total deferred tax liability</b>	2,558
	<hr/>

No Deferred tax assets/(liabilities) arises in the Company for the period.

# TREND FINCO LIMITED

## Notes forming part of the financial statements for the period ended 31 December 2019 (continued)

### 18 Commitments

#### Operating Leases

The Group had minimum lease payments under non-cancellable operating leases as set out below:

	Land & Buildings 2019 £'000	Other 2019 £'000
Not later than 1 year	229	22
Later than 1 year and not later than 5 years	294	29
	<hr/>	<hr/>
Total	523	51
	<hr/>	<hr/>

The Group had £nil of capital commitments contracted not provided as at 31 December 2019.

The Company had no operating leases and £nil of capital commitments contracted and not provided as at 31 December 2019.

### 19 Capital and reserves

	2019 £
<i>Allocated, called up and fully paid</i>	
1 Ordinary share of £1 each	1
	<hr/>

The Group and Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 20 Analysis of changes in net debt

	Cash flow £'000	Non cash flow £'000	Exchange movement £'000	At 31 December 2019 £'000
Cash at bank and in hand	3,922	-	60	3,982
Loan from parent undertaking	(12,932)	(128)	-	(13,060)
Loan Note	(11,029)	-	-	(11,029)
Bank loans due in more than one year	(8,515)	520	-	(7,995)
	<hr/>	<hr/>	<hr/>	<hr/>
	(28,554)	392	60	(28,102)
	<hr/>	<hr/>	<hr/>	<hr/>

Non-cash changes relate to interest accrued on the loan from parent undertaking, loans notes issued in lieu of interest payment and unamortised issue costs relating to the bank loans.

# TREND FINCO LIMITED

## Notes forming part of the financial statements for the period ended 31 December 2019 (continued)

### 21 Business combinations

#### *Acquisition of Networks Group*

On 20 December 2018, the Group acquired 100% of the Networks Group, being IDEAL Industries Networks Limited, IDEAL Industries GmbH, IDEAL Industries SAS and ID Networks US LLC, trading business for £26,951k (excluding acquisition costs of £714k) paid in cash and financed by bank loans and immediate parent loan.

In calculating the goodwill arising on acquisition, the fair value of the net assets of the Networks Group have been assessed and adjustments from the book value have been made where necessary.

	Book value £'000	Revaluation of Assets £'000	Fair value £'000
<b>Fixed assets</b>			
Tangible	106	-	106
Intangible	-	16,964	16,964
<b>Current assets</b>			
Stocks	1,031	-	1,031
Debtors	2,213	-	2,213
Deferred tax asset	1,345	(510)	835
Cash at bank and in hand	2,284	-	2,284
<b>Total assets</b>	<b>6,979</b>	<b>16,454</b>	<b>23,433</b>
<b>Creditors</b>			
Due within one year	3,714	-	3,714
Deferred tax differences between fair values and tax bases	-	3,037	3,037
<b>Net assets</b>	<b>3,265</b>	<b>13,417</b>	<b>16,682</b>
Goodwill (Note 9)			10,983
<b>Total purchase consideration (including acquisition costs)</b>			<b>27,665</b>
Total initial purchase consideration (including acquisition costs of £714k)			27,230
Total deferred consideration (paid evenly over 7 months post acquisition)			435
Purchase consideration settled in cash			27,665
Cash and cash equivalents in subsidiary acquired			(2,284)
<b>Cash outflow on acquisition</b>			<b>25,381</b>

The uplift in the intangible assets is as a result of a third party valuation of the acquired entities intangible assets. The intangible assets reflect the recognition of Developed technology, IPR&D, Customer relationships and Product names on acquisition. Deferred tax is in relation to these adjustments has been provided for.

Since the acquisition date, Networks group has contributed £14,452k to group revenue and £2,647k of group profit before tax.

# **TREND FINCO LIMITED**

## **Notes forming part of the financial statements for the period ended 31 December 2019 (*continued*)**

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### **22 Related party**

The company has taken advantage of the exemption under FRS 102 section 33 paragraph 1A from disclosing transactions with wholly owned Group entities.

### **23 Ultimate control party and immediate parent company**

The largest group of undertakings for which consolidated financial statements will be drawn up is that headed by TREND Topco Limited, ultimate and immediate parent company.

At 31 December 2019, CBPE Capital LLP is considered the ultimate controlling party.

### **24 Comparative Period**

The entity was incorporated on 10 December 2018 and subsequently commenced group operations on acquisition of the Networks group, being IDEAL Industries Networks Limited, IDEAL Industries GmbH, IDEAL Industries SAS and ID Networks US LLC, on 20 December 2018. As a result of this the first financial statements represent an opening 13 months of operations and no comparatives are disclosed.

### **25 Subsequent events**

Subsequent to the balance sheet date, a global pandemic has arisen with the spread of Covid-19, resulting in general economic disruption. There is currently no impact on these financial statements, including the critical judgements and accounting estimates contained within as it is a non-adjusting post balance sheet event. Further details regarding the risks to the Company can be found in the strategic report and going concern considerations are addressed in note 1.