

Portals Finance 1 Limited

Annual report and financial statements

For the year ended 25 February 2024

Registered Number 11160016

Portals Finance 1 Limited

Company Information

Directors

R Holliday
R Lewis
A Nash

Registered Office

Bathford Mill
Bathford Hill
Bathford
Bath
Somerset
BA1 7QG
United Kingdom

Independent Auditors

Grant Thornton UK LLP
Southampton Science Park
Chilworth
Southampton
Hampshire
SO16 7QJ
United Kingdom

Bankers

HSBC UK Bank plc
26 Broad Street
Reading
Berkshire
RG1 2BU
United Kingdom

Portals Finance 1 Limited

Strategic report

The Directors present their strategic report of the Company for the year ended 25 February 2024.

Principal activities

The Company operates as an investment holding company with loan notes listed on the International Stock Exchange in Guernsey.

Results

The results for the year are set out in the profit and loss account on page 9. The profit for the financial year amounted to £16.9m (2023 £0.0m). The Company's financial position is presented in the balance sheet on page 10 and related notes.

The Board's Statement on s172

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors (a-f).

Being a holding company with no employees, the key stakeholders of the business are the shareholders. As owners of our ultimate Group and Company the Directors welcome the support of our shareholders. The controlling shareholder has nominated two directors with whom the Group maintains an active and open dialogue through one-to-one meetings and the regular monthly management board meetings which cover a wide range of topics including financial performance, target setting, strategy, outlook, governance and ethical practices.

Principal risks and uncertainties facing the Company

As the Company has no trade, but acts as a holding company, the Directors consider the main risk is that of the performance of the Company's trading entity, the results of which will have an impact on the valuation of its investments and collectability of intercompany debts. Details of the risks and uncertainties faced by the Company's subsidiaries can be found in their Annual reports and financial statements. The Directors do not consider that the Company is subject to any other significant risks and uncertainties. The Directors closely monitor the performance of the subsidiary entities.

Key performance indicators (KPIs)

The Directors consider that the use of key performance indicators is not appropriate to the understanding of the development, performance or position of the Company's business as an intermediate holding company.

Strategy and future developments

The Company's strategy is to continue to act as a holding company and to support Portals Finance 2 Limited through the provision of intercompany financing.

Approved by the Board and signed on its behalf by

R Holliday *Ross Holliday*
Director

28/7/2024

Portals Finance 1 Limited

Directors' report

The Directors present their report on the affairs of the Company together with the audited financial statements and independent auditors' report for the year ended 25 February 2024.

Directors

The Directors who held office during the year and up to the date of signing the financial statements are given below:

R Holliday
R Lewis appointed 22 February 2024
A Nash appointed 4 August 2023
J-B Rancon resigned 22 February 2024

Business environment

The Company and its subsidiary undertakings continue to operate in a challenging geo-political macro-economic environment. Despite the decision (announced in 2022) to exit the Banknote Paper market and close down operations in the Overton site, the Group's UK trading entity (Portals Paper Limited) continues to be responsive and adaptable to Security paper market needs, while actively seeking new product and service solutions and business development opportunities.

Future developments

The future developments of the Company have been disclosed in the Strategic report on page 2.

Results and position of the Company

The results and performance of the Company have been disclosed in the Strategic report on page 2.

Risks and uncertainties

The principal risks and uncertainties of the Company have been disclosed in the Strategic report on page 2.

Dividends

No dividends were paid during the year and the Directors do not recommend the payment of a final dividend (2023: Nil).

Financial risk management

Due to the nature and size of the business the Directors consider that any financial risk is negligible. The Company has no direct exposure to equity securities price risk as it holds no listed equity investments. The Company has no direct exposure to credit risk as there are no external customers. All of the Company's external debt during the year was at fixed interest rates.

Directors' indemnities

A subsidiary undertaking maintained liability insurance for the Company's Directors and Officers throughout the financial year and up to the date of this report.

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Directors' report (continued)

Directors' responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The Directors have adopted the going concern basis in preparing the financial statements, as reported in note 3.

Directors' confirmations

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Auditor is unaware;
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information; and
- pursuant to Section 487 of the Companies Act 2006 the auditor will be deemed to be reappointed and Grant Thornton UK LLP will therefore continue in office.

Approved by the Board and signed on its behalf by

R Holliday
Director

Ross Holliday

28/7/2024

Portals Finance 1 Limited

Independent auditors' report to the members of Portals Finance 1 Limited

Opinion

We have audited the financial statements of Portals Finance 1 Limited (the 'company') for the year ended 25 February 2024, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 25 February 2024 and of its profit for the year 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 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 related to going concern

We are responsible for concluding on the appropriateness of the 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from geopolitical events and inflation resulting in increasing living costs, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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

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

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

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Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the directors' report within the directors' report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

The engagement team's understanding of the legal and regulatory framework and which laws and regulations the engagement team identified as being significant in the context of the entity.

The entity is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. To understand these:

- We enquired of management, legal counsel and those charged with governance, concerning the entity's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management and those charged with governance whether they were aware of any instances of non-compliance with laws and regulations and whether they had any knowledge of actual, suspected or alleged fraud.
- We corroborated our enquiries through our review of board minutes, and correspondence received from others within the entity.
- We identified whether there is a culture of honesty and ethical behaviour and whether there is a strong emphasis of prevention and deterrence of fraud.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework, being FRS 102 and the UK Companies Act.
- In addition, we concluded that there are certain significant laws and regulations, such as Employment Law and Health and Safety regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to employee matters, environmental matters, data protection, and bribery and corruption practices.
- We reminded all engagement team members to be alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The engagement team's assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur.

- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
 - journal entries, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; and
 - potential management bias in determining estimates and judgements, particularly in relation to assessing the impairment of assets (receivables).
- Our audit procedures involved:

Portals Finance 1 Limited

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
 - journal entry testing; with a focus on material manual journals, including those with unusual account combinations;
 - challenging assumptions and judgements made by management in its significant accounting estimates.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.
 - These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

The engagement partner's assessment of whether the engagement team collectively had the appropriate competence and capabilities to identify and recognise non-compliance with laws and regulations

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
 - knowledge of the industry in which the entity operates; and
 - understanding of the legal and regulatory requirements specific to the entity.

Matters about non-compliance with laws and regulations and fraud that were communicated with the engagement team.

- We communicated identified laws and regulations throughout the engagement team and remained alert to indications of non-compliance and the potential for fraud.
- We did not identify any matters relating to non-compliance with laws and regulations.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Amanda James BFP ACA FCCA
 Senior Statutory Auditor
 for and on behalf of Grant Thornton UK LLP
 Statutory Auditor, Chartered Accountants
 Southampton
 29/7/2024

Portals Finance 1 Limited

Profit and loss account

for the year ended 25 February 2024

	Note	2024 £000	2023 £000
Administrative expenses		(3)	(2)
Operating loss		(3)	(2)
Interest payable and similar expenses	4	(8,819)	(8,039)
Interest receivable and similar income	4	-	8,071
Change in fair value of assets	5	25,172	-
Profit before taxation		16,350	30
Tax on profit	6	584	-
Profit for the financial year		16,934	30

All of the Company's operations during the current and previous year related to continuing operations.

There were no items of other comprehensive income in the current or previous year other than those reported in the profit and loss account and therefore no separate statement of comprehensive income has been presented.

The notes on pages 12 to 20 are an integral part of these financial statements.

Portals Finance 1 Limited

Balance Sheet

as at 25 February 2024

	Note	2024 £000	2023 £000
Fixed assets			
Investments	7	-	-
Debtors: amounts falling due after more than one year	8	584	-
Current assets			
Debtors	8	53,628	28,456
		53,628	28,456
Creditors: amounts falling due within one year	9	(1,318)	(1,315)
Net current assets		52,310	27,141
Total assets less current liabilities		52,894	27,141
Creditors: amounts falling due after more than one year	10	(97,272)	(88,453)
Net liabilities		(44,378)	(61,312)
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account		(44,378)	(61,312)
Total shareholders' deficit		(44,378)	(61,312)

The notes on pages 12 to 20 are an integral part of these financial statements. The financial statements on pages 9 to 20 were approved by the Board of Directors and were signed on its behalf by:

Ross Holliday

R Holliday 28/7/2024
 Director
 Registered number: 11160016

Portals Finance 1 Limited

Statement of changes in equity
for the year ended 25 February 2024

	Called up share capital £000	Profit and loss account £000	Total equity £000
As at 28 February 2022	-	(61,342)	(61,342)
Profit for the financial year	-	30	30
As at 26 February 2023	-	(61,312)	(61,312)
Profit for the financial year	-	16,934	16,934
As at 25 February 2024	-	(44,378)	(44,378)

The notes on pages 12 to 20 are an integral part of these financial statements.

Portals Finance 1 Limited

Notes to the financial statements for the year ended 25 February 2024

1. General Information

The Company's business is that of an investment holding company.

The Company is a private company limited by shares and is incorporated in England. The address of its registered office is Bathford Mill, Bathford Hill, Bathford, Bath, Somerset, BA1 7QG, United Kingdom.

2. Statement of compliance

The financial statements of Portals Finance 1 Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Summary of significant accounting policies

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

Basis of preparation

The financial statements have been prepared under FRS 102, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed on page 14 below.

The financial statements have been prepared for the year to 25 February 2024 (26 February 2023). The functional and presentational currency is pounds sterling and the numbers are displayed to the nearest thousand unless otherwise indicated.

The Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company is a wholly owned subsidiary of Portals International Limited (No: 11159875). The Company is included in the consolidated financial statements of Portals International Limited which are publicly available. Therefore, the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements are the Company's individual financial statements.

The Company has also taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;

Portals Finance 1 Limited

Notes to the financial statements (continued) **for the year ended 25 February 2024**

3. Summary of significant accounting policies (continued)

Going concern

The Company reported a £16.9m profit for the year, net current assets of £52m and net liabilities of £44m.

As at 25 February 2024 the Company meets its funding requirements primarily via a loan facility from its Group parent company, Portals Finance 2 Limited. The Group's financing arrangements consisted of operational trading, cash in hand and shareholder funding by way of loan notes.

As noted in the strategic report on page 2, the Group previously announced in 2022 it would be commencing an orderly wind down of banknote operations at the Overton paper mill which is well progressed and allow Portals to fully focus on the ongoing successful parts of its business including the paper mill in Bathford, Somerset, which focusses on the supply of high security papers.

The Directors have prepared detailed profit and loss and cashflow forecasts and projections, which cover a year to 31 August 2025 on a cautiously realistic basis. These take account of the Bathford trading outlook, the continuing Overton wind down plan, the continuing macro-economic impact from geo-political risks, plausible downside scenarios and the ongoing support of its investment partners, and show that the Group should be able to continue to operate within their currently available funds throughout the period of at least 12 months from the date of approval of these financial statements.

The Directors have considered and modelled (i) plausible downside scenarios that reflect the possible impact of key risks as detailed in the risk section on page 2 of the Strategic Report, as well as (ii) potential downside risks as a result of the geo-political climate / higher energy prices. In the unlikely scenario these downsides were to occur, the Directors have considered and modelled the mitigating actions they would take, within their control, including cost reduction programmes, delays to overhead and discretionary capital expenditure and pass through of cost increases to customers.

The result of the above modelling of the base case, adjusted for plausible downside scenarios, which include the continuing macro-economic impacts from geo-political risks as described and mitigating actions, results in a 'reasonable worst-case scenario' which has been used as the basis of the going concern conclusion. This model, which covers a year of more than 12 months from the date of approval of these financial statements, show that the UK entities are able to still operate within the available banking facilities under a 'reasonable worst case' forecast of a c20% reduction in EBITDA in FY25 (measured against the base case forecast) and meet their liabilities as they fall due.

As such, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors have continued to adopt the going concern basis in preparing the financial statements.

Interest receivable and payable

Interest receivable and payable is accounted for on an accruals basis in the profit and loss account using the effective interest method.

Portals Finance 1 Limited

Notes to the financial statements (continued)

for the year ended 25 February 2024

3. Summary of significant accounting policies (continued)

Taxation

The charge for taxation is based on the profit / loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the exception that deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Employees

The Company had no employees, other than the Directors, during the current and prior year.

Investments

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment.

Cash and cash equivalents

Cash and cash equivalents, which includes cash in hand, cash at bank and short-term deposits of less than three months, denominated in foreign currencies has been translated to Sterling using exchange rates prevailing at the end of the financial year.

Share Capital

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

Auditors' and Directors' remuneration

Auditors' and Directors' remuneration is borne by the Company's wholly owned subsidiary, Portals Paper Limited, with no recourse to the Company.

Portals Finance 1 Limited

Notes to the financial statements (continued)

for the year ended 25 February 2024

3. Summary of significant accounting policies (continued)

Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments. Financial instruments are measured at fair value at the date the contract is entered into and subsequently remeasured to their fair value at each balance sheet date with the gain or loss being taken to the profit & loss account. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets, liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs) and subsequently at cost less impairment or amortised cost, except for those financial assets and liabilities classified as at fair value. Impairment reviews are performed by the Directors when there has been an indication of potential impairment or recoverability is considered doubtful.

Financial assets and liabilities are only offset in the statement of financial position when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Interest bearing loans are recorded at the proceeds received and subsequently measured at amortised cost. Finance charges are accounted for on an accruals basis in the income statement.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities and expenses. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Key sources of estimation uncertainty include:

- carrying value of intercompany financial assets (Impairments are made where recoverability is considered doubtful - see page 15)

The Directors have applied the values they consider to be the most appropriate.

Portals Finance 1 Limited

Notes to the financial statements (continued)
for the year ended 25 February 2024
4. Finance charges / income (net)

	2024	2023
	£000	£000
Interest payable and similar expenses	(8,819)	(8,039)
Interest receivable and similar income	-	8,071
	<u>(8,819)</u>	<u>32</u>
Interest payable and similar expenses	2024	2023
	£000	£000
Fixed rate unsecured loan notes	(5,087)	(4,637)
Loans from parent undertaking	(3,732)	(3,402)
	<u>(8,819)</u>	<u>(8,039)</u>
Interest receivable and similar income	2024	2023
	£000	£000
Loans to subsidiary undertaking	-	8,071

The intercompany loans due from the subsidiary undertaking have been interest free from 27 February 2023.

5. Change in Fair value of assets

	2024	2023
	£000	£000
Impairments	25,172	-
	<u>25,172</u>	<u>-</u>

Following the announcement of the planned phased closure of the Overton banknote site, the assets and related cashflows related to this part of the operation have been assessed for impairment and were written down to their estimated recoverable values. The impairment assessment is re-evaluated annually and in 2024 has resulted in an increase of £25.2m (2023 £Nil) on intercompany financial assets.

Portals Finance 1 Limited

Notes to the financial statements (continued)
for the year ended 25 February 2024
6. Tax charge on profit / loss

a) The tax charge comprises:

	2024	2023
	£000	£000
Corporation tax		
Current year	-	-
Deferred taxation		
Deferred tax on losses	584	-
	<hr/>	<hr/>
Total current tax	584	-

b) The tax assessed for the year is higher (2023: higher) than the standard rate of corporation tax of 25% (2023: 19%) in the UK for the year ended 25 February 2024. The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before taxation are as follows:

	2024	2023
	£000	£000
Profit before taxation	16,350	30
Profit before taxation multiplied by standard rate in the UK of 25% (2023: 19%)	(4,088)	(6)
Effects of:		
Interest not deductible for tax purposes	(1,272)	(646)
Group relief	(349)	652
Charges not allowable / taxable for tax	6,293	-
	<hr/>	<hr/>
Tax on profit	584	-

c) Factors that may affect future tax charges

The deferred tax assets and liabilities at 25 February 2024 have been calculated based on the rate of 25%.

Portals Finance 1 Limited

Notes to the financial statements (continued) for the year ended 25 February 2024

7. Investments

Investments in subsidiary undertakings

	2024	2023
	£000	£000
Investments at cost	-	-

On 29 March 2018, the Company acquired one £1.00 Ordinary Share in Portals Finance 2 Limited at par for £1.00 per share, paid in cash. At 27 March 2021, the Company owned the whole of the issued share capital, either directly or indirectly, of the following subsidiaries which are incorporated in England and Wales and registered at Bathford Mill, Bathford Hill, Bathford, Bath, Somerset, BA1 7QG, United Kingdom, with the exception of Portals Paper S.A. De C.V.

	Principal Activity	Number and value of share capital held
Portals Finance 2 Limited	Holding company	1 £1 ordinary shares
Portals Finance 3 Limited*	Holding company	1 £1 ordinary shares
Portals Paper Limited*	Security paper manufacturing	14,406,001 £1 ordinary shares
Portals Paper S.A. De C.V.*#	Supply of security paper	10,000 1MXP ordinary shares

* Held by subsidiary undertaking.

Registered in Mexico at Sierra Mojada No. 626, Col. Lomas de Chapultepec VIII Sección, Ciudad de México, C.P. 11000, Mexico.

8. Debtors

	2024	2023
	£000	£000
Amounts owed by subsidiary undertakings	53,628	28,456
Debtors: amounts falling due within one year	53,628	28,456
Deferred Tax	584	-
Debtors: amounts falling due after more than one year	584	-

The amounts owed by subsidiary undertakings have been interest free from February 2023 and are unsecured with no set repayment date. Provisions against group debtors at 25 February 2024 were £34.9m (2023: £60.1m).

Portals Finance 1 Limited

Notes to the financial statements (continued) for the year ended 25 February 2024

8. Debtors (continued)

	Deferred taxation 2024 £000	Deferred taxation 2023 £000
At 26 February 2023 / 28 February 2022	-	-
Profit and loss account	584	-
At 25 February 2024 / 26 February 2023	584	-

The amounts provided for deferred taxation and the amounts unprovided are set out below:

	2024 Provided £000	2024 Unprovided £000	2023 Provided £000	2023 Unprovided £000
Losses & other deductions	584	-	-	-
Total	584	-	-	-

9. Creditors: amounts falling due within one year

	2024 £000	2023 £000
Amounts owed to subsidiary undertaking	1,318	1,315
	1,318	1,315

The amount owed to subsidiary undertaking is in respect of tax payable on behalf of the Company.

10. Creditors: amounts falling due after more than one year

	2024 £000	2023 £000
Fixed Rate Unsecured Loan Notes 2028	56,225	51,138
Amounts owed to parent undertaking	41,047	37,315
	97,272	88,453

Fixed Rate Unsecured Loan Notes 2028 are repayable in March 2028. Amounts owed to parent undertaking are loans, due after more than one year and are unsecured with no set repayment date. All borrowings are interest bearing at 10%. Loan Notes are listed on the International Stock Exchange in Guernsey.

Portals Finance 1 Limited

Notes to the financial statements (continued) for the year ended 25 February 2024

11. Called up share capital

Authorised, allotted and fully paid
At 25 February 2024 & 26 February 2023

	Number	£
Ordinary shares of £1 each	1	<u>1</u>

12. Financial instruments

The carrying value of the Company's financial assets and liabilities are summarised by category below:

	2024 £000	2023 £000
Financial assets		
<i>Measured at amortised amount receivable</i>		
Amounts owed by subsidiary undertakings and interest receivable excluding taxes (note 8)	53,628	28,456
Cash	-	-
	<u>53,628</u>	<u>28,456</u>
Financial liabilities		
<i>Measured at amortised amount payable</i>		
Fixed Rate Unsecured Loan Notes 2028 (note 10)	56,225	51,138
Amounts owed to parent and subsidiary undertakings excluding taxes (note 9 & 10)	42,365	38,630
	<u>98,590</u>	<u>89,768</u>
Income, expense, gains and losses in respect of financial instruments are as follows:		
Total interest expense for financial liabilities at amortised cost (note 4)	<u>(8,819)</u>	<u>(8,039)</u>

13. Related party transactions

Advantage has been taken of the exemption as provided in section 33.1A of FRS 102 and there is no disclosure of transactions with other entities within the Portals International Limited group. There were no other related party transactions.

14. Ultimate parent undertaking and controlling party

Portals International Limited is the parent undertaking. Portals International Limited is the largest parent undertaking to consolidate these financial statements at 25 February 2024. The consolidated financial statements of Portals International Limited can be obtained from Bathford Mill, Bathford Hill, Bathford, Bathford, Bath, Somerset, BA1 7QG, United Kingdom.

Epiris GP Limited as general partner of Epiris Fund II LP, Epiris Fund II (B) LP, Epiris Fund II FFP LP and Epiris TC LP, a partnership registered in the United Kingdom, is the Company's ultimate controlling party.