

HUDSON HOLDINGS LIMITED

Annual Report and Consolidated
Financial Statements
31 December 2018

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Directors' report

The directors present their report of Hudson Holdings Limited (the "Company") and the Group of which it is the parent for the year ended 31 December 2018.

Principal activities

The Company owns a number of investments in subsidiary companies involved in the retail and distribution of branded consumer products in Malta and internationally (as detailed in Note 6 to the financial statements). The Company carries out the central management function through which it furthers the business of the Group.

Review of the business development and financial position

Group results

The year under review was characterised by the following key developments:

1. In May 2018, the Group successfully launched a €12 million Bond on the local market through a new subsidiary company, Hudson Malta plc. The proceeds from the Bond were used to partially repay the Group's bank loans as well as finance retail expansions. A portion of the funds were earmarked for the development of a new enlarged distribution centre to cater for the Africa distribution business which is currently under construction.
2. The Group continued its expansion into the retail sector through the opening of sixteen (16) new stores, most of which are located overseas, mainly in Morocco. These new openings helped drive increased revenues and contribution from the retail business. At the end of FY 2018, the Hudson Group operated 53 stores in 5 countries (FY 2017: 37 stores).
3. The acquisition of the 50% of the ownership interest held in BD International Group Limited (BDI) so that the Group now holds all voting and ownership rights. BDI is the contract party to the NIKE Africa business having distribution rights to 30 countries in Africa.
4. In 2018 the Group further expanded its NIKE Africa business increasing its client base and reach. The positive results for the year from this business were marginally impacted by the termination of a significant client in 2017 which impacted revenue and profitability due to the need to clear inventory not taken by this client.

As a result of the above, revenue increased by 21% from €86.5 million in 2017 to €105.0 million in 2018, driven by the distribution business in Africa and additional retail stores.

As at 31st December the Group had total assets of €56.6 million and current assets exceeded current liabilities by €12.3 million.

Company results

The Company registered a profit before tax of €330,961 for the year ended 31 December 2018 (2017: €17,910,523). Profit before tax in 2017 included a one-off adjustment in relation to the sale of Investments of Time International Sport Limited and Hudson International Company Limited to Hudson Malta Plc.

Directors' report - continued

Results and dividends

The statements of comprehensive income are set out on page 11. The directors paid a dividend of €400,000 in 2018 but do not recommend the payment of a final dividend and propose that the balance of retained earnings of €17,685,130 (2017: €17,937,034) be carried forward to the next financial year.

Key performance indicators

Financial key performance indicators

The Group is in expansionary mode with an emphasis on growing revenue and building an organisation structure that can sustain significant growth with a longer-term vision for the improvement in shareholders' value. As such the directors consistently monitor the Group's performance in terms of revenue growth whilst ensuring that the Group is well funded to continue growing. The main financial key performance indicators in use are as follows:

	2018	2017
Revenue growth	21%	47%
Debt to asset ratio	36.5%	27.7%
Interest cover ratio	3.5	4.1

Significant risks and uncertainties

Whilst the Group has significant operations located in stable economies, the Group also operates in emerging markets with a lesser degree of social, political and economic stability. The Group aims to mitigate this risk through operating solely with leading brands of international repute which place it in a better position to weather any unexpected adverse conditions.

Future developments

As a significant operator in the retail industry, and through its distribution contract, the Group will continue to expand its retail and wholesale operations with a focus on opening further stores retail in Malta and other territories and establishing a new distribution centre in Malta for its Africa business.

Directors' report - continued

Directors

The directors of the Company who held office during the year were:

George Amato
Alfred Borg
Christopher Muscat
Kevin Grech
Ray Grech (appointed 31 July 2018)
Martin Gregory (appointed 31 July 2018)
Kevin Valenzia (appointed 21 January 2019)
Veronica Borg (resigned 21 January 2019)
Tara Borg Manche
Etienne Camenzuli

The Company's Articles of Association do not require any directors to retire.

Statement of directors' responsibilities for the financial statements

The directors are required by the Maltese Companies Act (Cap. 386) to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Parent Company as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances;
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining 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, and that comply with the Maltese Companies Act (Cap. 386). They are also responsible for safeguarding the assets of the Group and the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements of Hudson Holdings Limited for the year ended 31 December 2018 are included in the Annual Report 2018, which is published in hard-copy printed form and may be made available on the Company's website. The directors are responsible for the maintenance and integrity of the Annual Report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Company's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Directors' report - continued

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board



Alfred Borg
Director



Christopher Muscat
Director

Registered office:
Hudson House
Burmarrad Road,
Burmarrad
St. Paul's Bay SPB 9060
Malta

28 June 2019



Independent auditor's report

To the Shareholders of Hudson Holdings Limited

Report on the audit of the financial statements

Our opinion

In our opinion:

- Hudson Holdings Limited's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the Group and the Parent Company's financial position as at 31 December 2018, and of the Group's and the Parent Company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Maltese Companies Act (Cap. 386).

What we have audited

Hudson Holdings Limited's financial statements, set out on pages 9 to 62, comprise:

- the Consolidated and Parent Company statements of financial position as at 31 December 2018;
- the Consolidated and Parent Company statements of comprehensive income for the year then ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these Codes.



Independent auditor's report - continued

To the Shareholders of Hudson Holdings Limited

Other information

The directors are responsible for the other information. The other information comprises the Directors' report (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information, including the directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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.

With respect to the directors' report, we also considered whether the directors' report includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386).

Based on the work we have performed, in our opinion:

- The information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with the Maltese Companies Act (Cap. 386).

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Maltese Companies Act (Cap. 386), 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 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 to cease operations, or have no realistic alternative but to do so.



Independent auditor's report - continued

To the Shareholders of Hudson Holdings Limited

Auditor's responsibilities for the audit of the financial statements

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

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

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

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



Independent auditor's report - continued

To the Shareholders of Hudson Holdings Limited

Report on other legal and regulatory requirements

Other matters on which we are required to report by exception

We also have responsibilities under the Maltese Companies Act (Cap. 386) to report to you if, in our opinion:

- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

PricewaterhouseCoopers

78, Mill Street
Qormi
Malta

A handwritten signature in blue ink, appearing to read 'L. Pace Ross', is written over a faint, light blue circular stamp.

Lucienne Pace Ross
Partner

28 June 2019

Statements of financial position

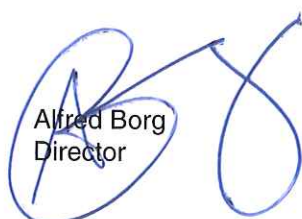
		As at 31 December			
		Group		Company	
Notes	2018	2017	2018	2017	
	€	€	€	€	
ASSETS					
Non-current assets					
Intangible assets	4	1,262,557	1,257,604	-	-
Property, plant and equipment	5	6,499,755	4,658,183	633,111	625,365
Investment in subsidiaries	6	-	-	18,764,574	18,452,771
Investment in associates	7	285,062	-	-	-
Equity investments at fair value through other comprehensive income	8	1,500,000	-	1,500,000	-
Available for sale investments	8	-	1,800,000	-	1,800,000
Financial assets at amortised cost	10	-	-	3,391,625	-
Trade and other receivables	11	499,237	1,081,322	-	-
Deferred tax assets	12	394,464	448,482	33,471	-
Total non-current assets		10,441,075	9,245,591	24,322,781	20,878,136
Current assets					
Inventories	13	19,386,674	19,042,576	-	90
Loans and receivables	9	-	45,163	-	45,163
Trade and other receivables	11	17,888,000	12,534,292	3,152,825	3,561,357
Cash and cash equivalents	14	8,906,524	6,166,287	195,185	7,811
Current tax assets		19,272	215,701	-	-
Total current assets		46,200,470	38,004,019	3,348,010	3,614,421
Total assets		56,641,545	47,249,610	27,670,791	24,492,557


Statements of financial position - continued

	Notes	As at 31 December			
		Group		Company	
		2018	2017	2018	2017
		€	€	€	€
EQUITY AND LIABILITIES					
Capital and reserves attributable to owners of the Company					
Share capital	15	85,107	85,107	85,107	85,107
Share premium		873,056	873,056	873,056	873,056
Other reserve		272,818	1,030,920	-	-
Foreign exchange translation reserve		1,006,058	631,219	-	-
Fair value reserve		878,738	1,122,488	878,738	1,122,488
Retained earnings		6,476,942	6,274,958	17,685,130	17,937,034
		9,592,719	10,017,748	19,522,031	20,017,685
Non-controlling interest		(167,181)	388,152	-	-
Total equity		9,425,538	10,405,900	19,522,031	20,017,685
Non-current liabilities					
Borrowings	17	12,165,569	2,009,012	4,824,947	410,716
Deferred tax liabilities	12	1,237,956	1,352,381	211,188	267,438
Total non-current liabilities		13,403,525	3,361,393	5,036,135	678,154
Current liabilities					
Trade and other payables	16	24,482,210	21,923,443	2,738,313	3,159,968
Borrowings	17	8,492,696	11,101,017	293,692	600,842
Current tax liabilities		837,576	457,857	80,620	35,908
Total current liabilities		33,812,482	33,482,317	3,112,625	3,796,718
Total liabilities		47,216,007	36,843,710	8,148,760	4,474,872
Total equity and liabilities		56,641,545	47,249,610	27,670,791	24,492,557

The notes on pages 17 to 62 are an integral part of these financial statements.

The financial statements on pages 9 to 62 were authorised for issue by the Board on 28 June 2019 and were signed on its behalf by:


Alfred Borg
Director


Christopher Muscat
Director

Statements of comprehensive income

	Notes	Year ended 31 December			
		Group		Company	
		2018	2017	2018	2017
		€	€	€	€
Revenue	18	105,028,987	86,512,920	2,791,778	2,232,748
Cost of sales	19	(78,932,412)	(65,724,234)	(35,005)	(32,842)
Gross profit		26,096,575	20,788,686	2,756,773	2,199,906
Other operating income		603,215	131,594	116,249	16,069,643
Operation and administrative expenses	19	(23,341,369)	(17,804,087)	(2,698,199)	(1,971,859)
Income from investments in subsidiaries		-	-	184,615	1,538,462
Operating profit		3,358,421	3,116,193	359,438	17,836,152
Finance income	21	10,484	184	254,231	156,998
Finance costs	22	(966,861)	(756,017)	(282,708)	(82,627)
Share of loss in associate		(41,037)	-	-	-
Profit before tax		2,361,007	2,360,360	330,961	17,910,523
Income tax expense	23	(1,380,889)	(808,787)	(120,705)	(590,537)
Profit for the year		980,118	1,551,573	210,256	17,319,986
Profit attributable to:					
Owners of the Company		1,018,246	1,563,257	210,256	17,319,986
Non-controlling interests		(38,128)	(11,684)	-	-
		980,118	1,551,573	210,256	17,319,986
Other comprehensive income:					
<i>Items that may be subsequently reclassified to profit or loss:</i>					
Currency translation differences on translating foreign operations		374,839	(749,486)	-	-
<i>Items that may not be subsequently reclassified to profit or loss:</i>					
Fair value movements equity investments, net of deferred tax		(243,750)	401,394	(243,750)	401,394
Other comprehensive income for the year, net of tax		131,089	(348,092)	(243,750)	401,394
Total comprehensive income for the year		1,111,207	1,203,481	(33,494)	17,721,380
Total comprehensive income attributable to:					
Owners of the Company		1,149,335	1,416,478	(33,494)	17,721,380
Non-controlling interests		(38,128)	(212,997)	-	-
		1,111,207	1,203,481	(33,494)	17,721,380

The notes on pages 17 to 62 are an integral part of these financial statements.

Statements of changes in equity - continued
Group

	Attributable to owners of the Company							Total equity €	
	Share capital €	Share premium €	Foreign currency translation reserve €	Other reserve €	Fair value reserve €	Retained earnings €	Total €		Non- controlling interest €
Balance at 1 January 2017	66,970	476,205	1,179,392	79,594	721,094	4,711,701	7,234,956	1,552,475	8,787,431
Comprehensive income									
Profit for the year	-	-	-	-	-	1,563,257	1,563,257	(11,684)	1,551,573
Other comprehensive income									
Currency translation differences	-	-	(548,173)	-	-	-	(548,173)	(201,313)	(749,486)
Fair value movements	-	-	-	-	401,394	-	401,394	-	401,394
Total comprehensive income	-	-	(548,173)	-	401,394	1,563,257	1,416,478	(212,997)	1,203,481
Transactions with owners									
Increase in share capital	18,137	-	-	-	-	-	18,137	-	18,137
Increase in share premium	-	396,851	-	-	-	-	396,851	-	396,851
Reduction in non-controlling interests	-	-	-	951,326	-	-	951,326	(951,326)	-
Balance at 31 December 2017	85,107	873,056	631,219	1,030,920	1,122,488	6,274,958	10,017,748	388,152	10,405,900

Statements of changes in equity - continued
Group

	Attributable to owners of the Company							Total equity €	
	Share capital €	Share premium €	Foreign currency translation reserve €	Other reserve €	Fair value reserve €	Retained earnings €	Total €		Non-controlling interest €
Balance at 1 January 2018 as previously stated	85,107	873,056	631,219	1,030,920	1,122,488	6,274,958	10,017,748	388,152	10,405,900
Impact of change in accounting Adjustment on adoption of IFRS 9	-	-	-	-	-	(114,359)	(114,359)	-	(114,359)
Restated balances as at 1 January 2018	85,107	873,056	631,219	1,030,920	1,122,488	6,160,599	9,903,389	388,152	10,291,541
Comprehensive income Profit for the year	-	-	-	-	-	1,018,246	1,018,246	(38,128)	980,118
Other comprehensive income Currency translation differences Fair value	-	-	374,839	-	-	-	374,839	-	374,839
	-	-	-	-	(243,750)	-	(243,750)	-	(243,750)
Total comprehensive income	-	-	374,839	-	(243,750)	1,018,246	1,149,335	(38,128)	1,111,207
Transactions with owners Acquisition of further investments in subsidiaries (Note 6) Cappitalisation of losses Dividends declared	-	-	-	(1,060,005)	-	-	(1,060,005)	(517,205)	(1,577,210)
	-	-	-	301,903	-	(301,903)	-	-	-
	-	-	-	-	-	(400,000)	(400,000)	-	(400,000)
Balance at 31 December 2018	85,107	873,056	1,006,058	272,818	878,738	6,476,942	9,592,719	(167,181)	9,425,538

Statements of changes in equity - continued

Company	Share capital €	Share premium €	Fair value reserve €	Retained earnings €	Total €
Balance at 1 January 2017	66,970	476,205	721,094	617,048	1,881,317
Comprehensive income					
Profit for the year	-	-	-	17,319,986	17,319,986
Other comprehensive income					
Fair value movements, net of deferred tax	-	-	401,394	-	401,394
Total comprehensive income	-	-	401,394	17,319,986	17,721,380
Transactions with owners					
Increase in share capital	18,137	-	-	-	18,137
Increase in share premium	-	396,851	-	-	396,851
Balance at 31 December 2017	85,107	873,056	1,122,488	17,937,034	20,017,685
Balance 1 January 2018, as previously stated	85,107	873,056	1,122,488	17,937,034	20,017,685
Impact of change in accounting adjustment on adoption of IFRS 9	-	-	-	(62,160)	(62,160)
Restated balances as at 1 January 2018	85,107	873,056	1,122,488	17,874,874	19,955,525
Comprehensive income					
Profit for the year	-	-	-	210,256	210,256
Other comprehensive income					
Fair value movements, net of deferred tax	-	-	(243,750)	-	(243,750)
Transactions with owners					
Dividends declared	-	-	-	(400,000)	(400,000)
Balance at 31 December 2018	85,107	873,056	878,738	17,685,130	19,522,031

The notes on pages 17 to 62 are an integral part of these financial statements.

Statements of cash flows

	Notes	Year ended 31 December			
		Group		Company	
		2018	2017	2018	2017
		€	€	€	€
Cash flows from operating activities					
Cash generated from/ used in					
Operations	26	1,228,742	(2,934,104)	454,631	18,151,064
Finance income	21	10,484	184	254,231	156,998
Income tax (paid)/ refunded		(808,898)	(642,771)	(75,993)	9,848
Interest paid	22	(966,861)	(756,017)	(282,708)	(82,627)
Net cash (used in)/generated from operating activities		(536,533)	(4,332,708)	350,161	18,235,283
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(3,498,805)	(1,249,570)	(163,228)	(117,794)
Proceeds from sale of property, plant and equipment		-	27,350	-	-
Purchase of intangible asset	4	(22,340)	(15,276)	-	-
Proceeds from disposal of intangible assets	4	-	30,850	-	-
Purchase of available-for-sale financial asset	8	-	(105,976)	-	(105,976)
Movement in loans and receivables		45,163	65,589	(3,394,837)	90,000
Acquisition of non-controlling interests		-	-	-	(18,306,270)
Investment in subsidiary	6	-	-	(311,803)	-
Investment in associate	7	(326,099)	-	-	-
Net cash used in investing activities		(3,802,081)	(1,247,033)	(3,869,868)	(18,440,040)

Statements of cash flows - continued

	Notes	Group		Company	
		Year ended 31 December		Year ended 31 December	
		2018	2017	2018	2017
		€	€	€	€
Cash flows from financing activities					
Dividends paid		(400,000)	-	(400,000)	-
Drawdowns on borrowings		11,771,255	6,812,492	4,611,454	-
Repayments of borrowings		(2,421,336)	(680,531)	(119,919)	(45,695)
Increase in share capital		-	18,137	-	18,137
Increase in share premium		-	396,851	-	396,851
Net cash generated from financing activities		8,949,919	6,546,949	4,091,535	169,293
Movement in cash and cash equivalents		4,611,306	967,208	571,828	(35,464)
Cash and cash equivalents at the beginning of the year		4,066,552	3,076,504	(376,643)	(341,179)
Exchange differences on cash balances		(69,385)	22,840	-	-
Cash and cash equivalents at the end of the year	14	8,608,472	4,066,552	195,185	(376,643)

The notes on pages 17 to 62 are an integral part of these financial statements.

Notes to the financial statements

1. Summary of significant accounting policies

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

1.1 Basis of preparation

The consolidated financial statements include the financial statements of Hudson Holdings Limited and its subsidiaries. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act (Cap 386). They have been prepared under the historical cost convention, as modified by the fair valuation of the land and buildings class of property, plant and equipment.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the Group's accounting policies (see Note 3 – Critical accounting estimates and judgements).

Standards, interpretations and amendments to published standards effective in 2018

In 2018, the Group and Company adopted new standards, amendments and interpretations to existing standards that are mandatory for the company's accounting period beginning on 1 January 2018. The adoption of these revisions required the Group and Company to change its accounting policies following adoption of IFRS 9 and IFRS 15, disclosed in notes 1.7 and 1.18. An analysis of the impact of the adoption of these standards and the new accounting policies is disclosed below.

The other amendments to standards adopted during the year did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Changes in accounting policies

This note explains the impact of the adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' on the Group and Company's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(a) Impact on the financial statements

As a result of the changes in the Group and Company's accounting policies and as explained in Notes (b) and (c) below, IFRS 9 and IFRS 15 were adopted without restating comparative information. The reclassifications and the adjustments arising from the new requirements are therefore not reflected in the statement of financial position as at 31 December 2017, but are recognised in the opening statement of financial position on 1 January 2018.

The following table shows the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

1. **Summary of significant accounting policies** - continued

1.1 **Basis of preparation** - continued

Standards, interpretations and amendments to published standards effective in 2018 - continued

(a) *Impact on the financial statements* – continued

The adjustments are explained in more detail by the standard below, including, as applicable, deferred tax impacts at the rate of the applicable jurisdiction as at 1 January 2018. The adoption of IFRS 15, although resulting in changes to accounting policies, did not impact the amounts recognised as at 31 December 2017, nor was there any impact resulting from changes in presentation of line items.

	Group 1 January 2018		
	Based on 31 December 2017 - as originally reported €	Impact of adoption of IFRS 9 €	Restated €
Statement of financial position (extract)			
ASSETS			
Current assets			
Cash and cash equivalents	6,166,287	(114,359)	6,051,928
Total assets	47,249,610	(114,359)	47,135,251
EQUITY AND LIABILITIES			
EQUITY			
Retained earnings	6,274,958	(114,359)	6,160,599
Total equity	10,405,900	(114,359)	10,291,541

	The Company 1 January 2018		
	Based on 31 December 2017 - as originally reported €	Impact of adoption of IFRS 9 €	Restated €
Statement of financial position (extract)			
ASSETS			
Non-current assets			
Deferred tax asset	-	33,471	33,471
Current assets			
Trade and other receivables	3,561,357	(95,631)	3,465,726
Total assets	24,492,557	(62,160)	24,430,397
EQUITY AND LIABILITIES			
EQUITY			
Retained earnings	17,937,034	(62,160)	17,874,874
Total equity	20,017,685	(62,160)	19,955,525

1. Summary of significant accounting policies - continued

1.1 Basis of preparation - continued

Standards, interpretations and amendments to published standards effective in 2018 - continued

(b) IFRS 9 Financial Instruments – Impact of adoption

IFRS 9 replaces the provision of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 1.7 below. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. The total impact on the Group and Company's retained earnings as at 1 January 2018, arising as a result of the new impairment requirements of the standard, as explained in (ii) below, are disclosed in the tables above.

(i) Classification and measurement

On 1 January 2018 (the date of initial application of IFRS 9) the Group and Company's management has assessed which business models apply to the financial assets held by the Group and Company and has classified its financial instruments into the appropriate IFRS 9 categories.

Available-for-sale financial assets, with a carrying value of €1,800,000 as at 1 January 2018 were reclassified to 'equity investments at fair value through other comprehensive income'. However the measurement basis pre and post IFRS 9 adoption remained fair value through other comprehensive income.

Loans and receivables with a carrying amount of €45,163 as at 1 January 2018 were reclassified to 'other assets at amortised cost'. However the measurement basis pre and post IFRS 9 adoption remained amortised cost.

(ii) Impairment of financial assets

The Group and Company's financial assets that are subject to IFRS 9's new expected credit loss model include equity investments held at fair value through other comprehensive income, trade and other receivables and cash and cash equivalents from 3rd Party finance institutions. The Company also has loans and other receivables from subsidiaries that are subject to IFRS 9's new expected credit loss model.

The Group and Company were required to revise its impairment methodology under IFRS 9. The impact of the change in impairment methodology on the Group and Company's equity is disclosed in the tables in Note (a) above.

Cash and cash equivalents

Cash and cash equivalents are within scope as of IFRS 9 impairment model. Based on the Group's management assessment of these balances, disclosed in more detail on note 2.1 (b), the provision required as at 1 January is €114,359. No provision on cash and cash equivalents were required at Company level.

1. Summary of significant accounting policies - continued

1.1 Basis of preparation - continued

Standards, interpretations and amendments to published standards effective in 2018 - continued

(b) *IFRS 9 Financial Instruments – Impact of adoption – continued*

(ii) *Impairment of financial assets - continued*

Amounts due from subsidiaries

Amounts due from subsidiaries are of a current nature and are within scope as of IFRS 9 impairment model. Based on the Company's management assessment of these balances, disclosed in more detail on note 2.1 (b), the provision required as at 1 January is €95,631.

(c) *IFRS 15 Revenue from Contracts with Customers – impact of adoption*

The Group and Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018. There was no impact on the Group and Company's financial statements as a result of this adoption.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Company's accounting periods beginning after 1 January 2019. The Group and Company have not early adopted these revisions to the requirements of IFRSs as adopted by the EU and the Company's directors are of the opinion that, except for the below, there are no requirements that will have a possible significant impact on the Company's financial statements in the period of initial application. In the case of the Group and Company, the directors are of the opinion that there are no requirements that will have a possible significant impact in the Group and Company's financial statements in the period of initial application.

Standards, interpretations and amendments to published standards that are not yet effective

IFRS 16 'Leases'

IFRS 16 was published in January 2016 and will be effective from 1 January 2019, replacing IAS 17 'Leases'.

The standard mainly impacts lessee accounting as it requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts; an optional exemption is available for certain short-term leases and leases of low-value assets. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. The accounting for lessors will not significantly change.

The Group and Company has entered into long-term office leases; these arrangements were classified as operating leases under IAS 17. As at reporting date, the Group's and Company's undiscounted operating lease commitments, which also include di rispetto period of the respective agreements, amount to approximately €40.8m and €1.2m respectively. The Group and Company's management has carried out an assessment of the impact of the standard and the directors concluded that these arrangements fall within the remits of this standard.

1. Summary of significant accounting policies - continued

1.1 Basis of preparation - continued

Standards, interpretations and amendments to published standards that are not yet effective

IFRS 16 'Leases' - continued

The Group and Company will apply the standard from its mandatory adoption date of 1 January 2019 and will apply the simplified transition approach. As a result, the Group and Company will not restate comparative amounts for the year prior to the first adoption. Under this approach, the lease liability is measured at the present value of the remaining lease payments as at 1 January 2019, which management has estimated to amount to €28.4m and €0.9m respectively. Right-of-use assets at that date will be measured at an amount equivalent to this lease liability (less prepaid lease expenses as at 1 January 2019), with no adjustment to equity.

The adoption of IFRS 16 will also result in the replacement of operating lease rental expenditure by amortisation of the right-of-use asset and an interest cost on the lease liability. On the basis of the lease arrangements in place at 1 January 2019, management estimates that rental costs of €5.0m (Group) and €0.1m (Company) respectively for the year ending 31 December 2019 will be replaced by a notional interest charge that is expected to be in the region of €1.4m (Group) and €43k (Company); and an annual amortisation charge in the region of €4.4m (Group) and €72k (Company).

This will therefore result in a reduction of approximately €1.1m (Group) and €27k (Company) in profitability for the year ending 31 December 2019 which negative impact will be reversed in subsequent periods.

Rental payments under IFRS 16 are allocated between interest payments and a reduction in the lease liability, with a corresponding impact on the Groups's statement of cash flows. The Group's policy is to present interest payments as operating cash flows. Accordingly, the parts of the lease payments that represent cash payments for the principal portion of the lease liabilities will be presented as cash flows resulting from financing activities, whilst the part representing the interest portion of the lease liabilities will be presented within cashflows from operating activities.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

1. Summary of significant accounting policies - continued

1.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed (identifiable net assets) in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired. If this is less than the fair value of the identifiable net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss (Note 1.5).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiaries are accounted for by the cost method of accounting, i.e. at cost less impairment. Cost includes directly attributable costs of the investment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified.

The results of subsidiaries are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

A listing of the Group's subsidiaries is set out in Note 6.

1. Summary of significant accounting policies - continued

1.2 Consolidation

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. In the consolidated financial statements, investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date on which significant influence is acquired. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (see Note 7).

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to its share of the associates' profit/(loss) in profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

When the Group ceases to have significant influence, any retained interest in the entity is remeasured to its fair value at the date when significant influence is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Dilution gains and losses arising in investments in associates are recognised in profit or loss.

In the Company's separate financial statements, investments in associates are accounted for by the cost method of accounting, i.e. at cost less impairment. Provisions are recorded where, in the opinion of the directors, there is an impairment in value. Where there has been an impairment in the value of an investment, it is recognised as an expense in the period in which the diminution is identified. The results of associates are reflected in the Company's separate financial statements only to the extent of dividends receivable. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

1. Summary of significant accounting policies - continued

1.2 Consolidation

(c) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests, where the acquisition or disposal of partial interests in a subsidiary has no impact on the Group's ability to govern control the subsidiary's financial and operating policies, as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

1.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in euro, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. 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 income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income/(charges) - net'.

(c) Group companies

Income statements of foreign entities are translated into the Group's presentation currency at the average exchange rates for the year and statements of financial position are translated at the exchange rates ruling at year-end. All resulting translation differences are recognised in other comprehensive income.

Exchange differences arising from the translation of the net investment in foreign entities and of borrowings are taken to other comprehensive income. On disposal or partial disposal of a foreign entity, translation differences that were previously recognised in other comprehensive income are recognised in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Translation differences are recognised in other comprehensive income.

1. Summary of significant accounting policies - continued

1.4 Property, plant and equipment

Property, plant and equipment, is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to allocate the cost, or revalued amount, of the assets to their residual values over their estimated useful life as follows:

	%
Improvement to premises	10
Furniture, fixtures and other equipment	20 - 33½
Plant and Machinery	25
Motor vehicles	20

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (Note 1.6).

1.5 Intangible assets

(a) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1. Summary of significant accounting policies - continued

1.5 Intangible assets

(b) Trademarks

Separately acquired trademarks are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 15 to 20 years.

1.6 Impairment of non-financial assets

Assets that have an indefinite useful life, for example certain intangible assets, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1.7 Financial assets

Accounting policies applied subsequent to 1 January 2018

1.7.1 Classification

From 1 January 2018, the Group and Company classify financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised costs

The classification depends on the Group and Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held-for-trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt instruments when and only when its business model for managing those assets change.

1.7.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cashflows from financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

1. Summary of significant accounting policies - continued

1.7 Financial assets - continued

1.7.3 Measurement

At initial recognition, the Group and Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cashflows are solely payment of principal and interest.

Debt Instruments

Subsequent measurement of debt instruments depends on the Group and Company's business model for managing the asset and cash flow characteristics of the asset. There are three measurement categories into which the Group and Company classified its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented on other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line items in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses).

Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gain/ (losses) and impairment expenses are presented as separate line items in the statement of profit or loss.

- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/ (losses) in the period in which it arises.

1. Summary of significant accounting policies - continued

1.7 Financial assets - continued

1.7.3 Measurement - continued

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

1.7.4 Impairment

From 1 January 2018, the Group and Company assess on a forward-looking basis the expected credit loss associated with debt instruments carried at amortised costs and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group and Company apply the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The Group and Company applied IFRS 9 retrospectively but elected not to restate the comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group and Company's previous accounting policy.

Accounting policies applied until 31 December 2017

1.7.5 Classification

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the asset. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position (Note 1.9 and 1.10).

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices are classified as available-for-sale assets. They are included in non-current assets unless the asset matures or management intends to dispose of it within twelve months from the end of the reporting period.

1. Summary of significant accounting policies - continued

1.7 Financial assets - continued

1.7.6 Recognition and measurement

The Group recognises a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, which is the date on which an asset is delivered to or by the Group.

Financial assets are initially recognised at fair value plus transaction costs. Loans and receivables are subsequently carried at amortised cost using the effective interest method, less any provision for impairment. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have been expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership or has not retained cost of the asset.

1.7.7 Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The Group first assesses whether objective evidence of impairment exists. The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation.

(a) Assets carried at amortised cost

For financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss. Impairment testing of trade receivables is described in note 1.9.

1. Summary of significant accounting policies - continued

1.7 Financial assets - continued

1.7.7 Impairment - continued

(b) Assets classified as available-for-sale

For debt securities, the Company uses the criteria referred to in (a) above. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method and comprises expenditure incurred in acquiring the inventories and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to be incurred in marketing, selling and distribution.

1.9 Trade and other receivables

Trade receivables comprise amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, i.e. expected credit loss allowances. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss within 'administrative expenses'. When a receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in profit or loss. Impairment of financial assets is described in Note 1.7.4 (2017: Note 1.7.7) above.

1. Summary of significant accounting policies - continued

1.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

1.11 Share capital

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

1.12 Financial liabilities

The Group recognises a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group's financial liabilities, other than derivative contracts, are classified as financial liabilities measured at amortised cost, i.e. which are not at fair value through profit or loss. Financial liabilities not at fair value through profit or loss are recognised initially at fair value, being the fair value of consideration received, net of transaction costs that are directly attributable to the acquisition or the issue of the financial liability. These financial liabilities are subsequently measured at amortised cost. The Group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, is cancelled or expires.

1.13 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.14 Trade and other payables

Trade payables comprise obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

1.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1. Summary of significant accounting policies - continued

1.16 Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.17 Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is recognised upon delivery of products or performance of services, and is stated net of sales tax, returns, rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below.

1. Summary of significant accounting policies - continued

1.18 Revenue recognition - continued

(a) Sales of goods - wholesale

The Group sells a range of branded consumer products in the wholesale market. Sales of goods are recognised when the Group has delivered products to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the risks of obsolescence and loss have been transferred to the wholesaler, and the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Sales of goods - retail

The Group operates a number of retail outlets for selling branded consumer products. Sales of goods are recognised when a group entity sells a product to the customer. Retail sales are usually in cash or by credit card.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Interest income

Interest income is recognised for all interest-bearing instruments, using the effective interest method, unless collectability is in doubt.

1.19 Operating leases

(a) The company is the lessee

Leases of assets in which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

1.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

1. **Summary of significant accounting policies** - continued
2. **Financial risk management** - continued

2.1 Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The board of directors provides principles for overall risk management, as well as policies covering risks referred to above and specific areas such as investment of excess liquidity. The Group did not make use of derivative financial instruments to hedge certain risk exposure ensuring the current and preceding financial years.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the respective group entity's functional currency.

The table below summarises the Group's exposure to foreign currencies, other than the functional currency, as at 31 December 2018 and 2017.

Group	Assets €	Liabilities €	Net exposure €
As at 31 December 2018			
USD to EUR	109,606	(966,544)	(856,938)
EUR to USD	1,605	(161,143)	(159,538)
GBP to EUR	95,210	(396,442)	(301,232)
Other currencies	-	-	-
	206,421	(1,524,129)	(1,317,708)

Group	Assets €	Liabilities €	Net exposure €
As at 31 December 2017			
USD to EUR	157,248	(307,131)	(149,883)
EUR to USD	7,517	(115,186)	(107,669)
GBP to EUR	28,468	(468,253)	(439,785)
Other currencies	16,927	(4,500)	12,427
	210,160	(895,070)	(684,910)

Based on the amounts disclosed above, the directors are of the opinion that the Group is not significantly exposed to changes in exchange rates. Accordingly, a sensitivity analysis disclosing how profit or loss, and other comprehensive income, would be impacted by a change in interest rates that was reasonably possible at the end of the reporting period, is not required.

2. **Financial risk management** - continued

2.1 **Financial risk factors** - continued

(a) *Market risk* - continued

(i) Interest rate risk

In general, the Group and Company are exposed to risk associated with the effects of fluctuations in the prevailing levels of market interest rates. The Group and Company's main exposure to interest rate risk arises on its borrowings (Note 17); it does not have significant interest-bearing assets. The Group and Company's borrowings are issued at variable/fixed rates and expose the Group to cash flow interest rate risk. Management monitors the level of floating rate borrowings as a measure of cash flow risk taken on.

The exposure to cash flow interest rate risk as at 31 December is shown below:

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
<i>Interest-bearing assets</i>				
Amounts owed by subsidiaries (Note 11)	-	-	3,033,835	3,443,593
<i>Interest-bearing liabilities</i>				
Bank overdraft (Note 17)	298,052	2,099,735	111,454	384,454
Bank loans (Note 17)	7,864,778	11,010,294	507,185	627,104
Amounts owed to subsidiaries (Note 16)	-	-	2,145,643	967,723
	8,162,830	13,110,029	2,764,282	1,979,281
Net	(8,162,830)	(13,110,029)	269,553	1,464,312
	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
<i>Interest-bearing assets</i>				
Loans from subsidiaries (Note 10)	-	-	3,440,000	-
<i>Interest-bearing liabilities</i>				
Listed bond (Note 17)	11,792,700	-	-	-
Bank loans (Note 17)	702,735	-	4,500,000	-
	12,495,435	-	4,500,000	-
Net	(12,495,435)	-	(1,060,000)	-

2. Financial risk management - continued

2.1 Financial risk factors - continued

(a) Market risk - continued

(i) Interest rate risk - continued

Based on the amounts disclosed above, the directors are of the opinion that the Group and Company are not significantly exposed to changes in interest rates. Accordingly, a sensitivity analysis disclosing how profit or loss, and other comprehensive income, would be impacted by a change in interest rates that was reasonably possible at the end of the reporting period, is not required.

(b) Credit risk

Credit risk arises from credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions, loans receivable and cash and cash equivalents. The Group and the Company's exposures to credit risk as at the end of the reporting periods are analysed as follows:

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Loans and receivables category:				
Trade and other receivables – gross (Note 11)	19,911,261	15,027,376	3,210,703	3,565,601
Loans and receivables (Note 9,10)	-	45,163	3,440,000	45,163
Cash and cash equivalents – net of provisions (Note 14)	8,906,524	6,166,287	195,185	7,811
	28,817,785	21,238,826	6,845,888	3,618,575
Less: other receivables that do not give rise to credit risk	(3,863,176)	(2,677,012)	(106,666)	(81,073)
Provision for impairment	(1,524,024)	(1,411,762)	(57,878)	(4,244)
Maximum exposure to credit risk	23,430,585	17,150,052	6,681,344	3,533,258

Trade and other receivables (including contract assets)

The Group assesses the credit quality of its trade customers, the majority of which are unrated, taking into account financial position, past experience and other factors. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. It has policies in place to ensure that sales of services are affected to customers with an appropriate credit history. Standard credit terms are in place for individual clients, however, wherever possible, new corporate customers are analysed individually for creditworthiness before the Group's standard payment and service delivery terms and conditions are offered. The creditworthiness analysis for new customers includes a review through external creditworthiness databases when available.

The Group manages credit limits and exposures actively in a practicable manner such that past due amounts receivable from customers are within controlled parameters.

The Group has debtor balances amounting to €7,951,054 (2017: €3,352,562) that are covered by letters of credit. The Group does not hold any other significant collateral as security.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

In view of the nature of the Group's activities and the market in which it operates, a limited number of customers account for a certain percentage of the Group's trade and other receivables. The largest client exposure accounts for 40% (2017: 46%) of the trade debtor balances of which 100% (2017: 100%) are covered by letters of credit. The exposure is further covered by a credit note which has been accrued for within these financial statements. These exposures are monitored and reported more frequently and rigorously. These customers trade frequently with the Group and are deemed by management, usually taking cognisance of the performance history without defaults, to have excellent credit standing.

Impairment of trade and other receivables (including contract assets)

The Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the tenants to settle the receivables. The Group adjusts the historical loss rates based on expected changes in these factors. The Group's debtors are principally in respect of transactions with costumers for whom there is no recent history of default. Management does not expect any material losses from non-performance by these customers. On the basis of this analysis and considering that the Group never experienced material defaults from its receivables, no adjustments to impairment provisions on trade receivables were required upon adoption of IFRS 9, as the identified impairment loss is insignificant.

Credit loss allowances include specific provisions against credit impaired individual exposures with the amount of the provisions being equivalent to the balances attributable to credit impaired receivables. The individually credit impaired trade receivables mainly relate to independent customers which are in unexpectedly difficult economic situations mostly due to geopolitical issues and which are accordingly not meeting repayment obligations. In this respect, the Company has recognised specific impairment provisions during the current financial year, against credit impaired individual exposures which have demonstrated objective evidence of being impaired. As at 31 December 2018, trade receivables of €1,524,024 (2017: €1,411,762) were impaired and the amount of the provisions in this respect are equivalent to these amounts.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

2. Financial risk management - continued

2.1 Financial risk factors - continued

(b) Credit risk - continued

Previous accounting policy for impairment of trade and other receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

The Group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 30 days overdue).

Cash and cash equivalents

The credit risk for cash and cash equivalents for Group and Company is considered negligible since the majority of the counterparties are reputable banks with high quality external credit ratings. The Group and Company assessed the expected credit loss for cash and cash equivalents. The loss allowances for these financial assets are based on assumptions about risk of default and expected loss rates. The identified impairment loss was insignificant except for a bank balance at a subsidiary for which an credit loss allowance of €112,416 (2017: €Nil) was considered.

The closing loss allowances for cash and cash equivalents as at 31 December 2018 reconcile to the opening loss allowances as follows:

Group	2018	2017
Cash	€	€
Balance at 1 January	-	-
Amounts restated through retained earnings	114,359	-
Balance at 1 January – as restated	114,359	-
Decrease in loss allowance recognised in profit or loss during the year	(1,943)	-
Balance at 31 December	112,416	-

2. **Financial risk management** - continued

2.1 **Financial risk factors** - continued

(b) Credit risk - continued

Other financial assets at amortised cost

The Company's other financial assets at amortised cost include loans and other current receivables due from subsidiaries, which are eliminated on consolidation (Notes 10 and 11). The Company monitors intra-group credit exposures at individual entity level on a regular basis and ensures timely performance of these assets in the context of its overall liquidity management.

The loss allowances for these financial assets are based on assumptions about risk of default and expected loss rates. The Company's management uses judgement in making these assumptions, based on the counterparty's past history, existing market conditions, as well as forward looking estimates at the end of each reporting period.

As at year-end, based on the directors' assessments of these factors, the equity position of the respective counterparty, and, where the probability of default is high, the recovery strategies contemplated by management and the support of shareholders in place, the resulting impairment charge required for loans and other current receivables was of €48,375 and €53,650 respectively.

The closing loss allowances for other financial assets at amortised cost as at 31 December 2018 reconcile to the opening loss allowances as follows:

	2018 €	2017 €
Company		
<i>Other financial assets at amortised cost</i>		
Balance at 1 January	-	-
Amounts restated through retained earnings	95,631	-
	<hr/>	<hr/>
Balance at 1 January – as restated	95,631	-
Increase in loss allowance recognised in profit or loss during the year	6,394	-
	<hr/>	<hr/>
Balance at 31 December	102,025	-
	<hr/>	<hr/>

2. Financial risk management - continued

2.1 Financial risk factors - continued

(c) Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise interest-bearing borrowings (Note 17) and trade and other payables (Note 16). Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meet the Company's obligations.

Management monitors liquidity risk by means of cash flow forecasts which are updated on a regular basis. The Group's liquidity risk is not deemed to be material in view of the matching of cash inflows and outflows arising from operations.

The table below analyses the Group and Company's principal financial liabilities into relevant maturity groupings based on the remaining term at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amount €	Contractual cash flows €	Due		
			within 1 year €	between 2 and 5 years €	after more than 5 years €
Group					
31 December 2018					
Listed bond	11,792,700	16,176,000	552,000	2,088,000	13,566,000
Other bank loans and facilities	8,567,513	9,098,640	8,660,582	438,058	-
Bank overdraft	298,052	298,052	298,052	-	-
Trade and other payables	24,482,210	24,482,210	24,482,210	-	-
Total	45,140,475	50,054,902	33,992,844	2,526,058	13,566,000
31 December 2017					
Bank overdraft	2,099,735	2,099,735	2,099,735	-	-
Trade and other payables	21,923,443	21,923,443	21,923,443	-	-
Bank and other loans	11,010,294	11,010,294	9,001,282	1,788,452	220,560
Total	35,033,472	35,033,472	33,024,460	1,788,452	220,560

2. Financial risk management - continued

2.1 Financial risk factors - continued

(c) Liquidity risk - continued

Company	Carrying amount €	Contractual cash flows €	Due		
			within 1 year €	between 2 and 5 years €	after more than 5 years €
31 December 2018					
Loan from subsidiary	4,500,000	6,320,390	247,500	2,602,670	3,470,220
Bank and other loans	507,185	542,278	217,512	324,766	-
Bank overdraft	111,454	111,454	111,454	-	-
Trade and other payables	2,738,313	2,738,313	2,738,313	-	-
Total	7,856,952	9,712,435	3,314,779	2,927,436	3,470,220
31 December 2017					
Bank and other loans	627,104	676,591	247,613	428,978	-
Bank overdraft	384,454	384,454	384,454	-	-
Trade and other payables	3,159,968	3,159,968	3,159,968	-	-
Total	4,171,526	4,221,013	3,792,035	428,978	-

2.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may issue new shares or adjust the amount of dividends paid to shareholders.

The Group's equity, as disclosed in the statement of financial position, constitutes its capital. The Group maintains the level of capital by reference to its financial obligations and commitments arising from operations and requirements. In view of the nature of the Group's activities and the extent of borrowings or debt, the capital level as at the end of the reporting period is deemed adequate by the directors.

2.3 Fair values of financial instruments

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

2. Financial risk management - continued

2.3 Fair values of financial instruments - continued

Group and Company

	Level 3 €
31 December 2017	
Assets	
Available-for-sale financial investment:	
Equity securities	
Unlisted	1,800,000
31 December 2018	
Assets	
Equity investments at fair value through other comprehensive income:	
Equity securities	
Unlisted	1,500,000

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The Group and Company's instrument included in level 3 comprises a private equity investment, disclosed in Note 8 of these financial statements, which also includes a reconciliation from opening to closing value of the instrument.

At 31 December 2018 and 2017 the carrying amounts of cash at bank, loans and receivables, receivables, payables, and borrowings reflected in the financial statements are reasonable estimates of fair value.

3. Critical accounting estimates and judgements

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

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

4. Intangible assets

Group	Goodwill €	Others €	Total €
At 1 January 2017			
Cost	1,065,688	250,012	1,315,700
Accumulated amortisation	-	(37,648)	(37,648)
Net book amount	1,065,688	212,364	1,278,052
Year ended 31 December 2017			
Opening net book amount	1,065,688	212,364	1,278,052
Additions	-	15,276	15,276
Amortisation charge	-	(10,414)	(10,414)
Disposals	-	(30,850)	(30,850)
Amortisation released on disposal	-	5,540	5,540
Closing net book amount	1,065,688	191,916	1,257,604
At 31 December 2017			
Cost	1,065,688	234,438	1,300,126
Accumulated amortisation	-	(42,522)	(42,522)
Net book amount	1,065,688	191,916	1,257,604
Year ended 31 December 2018			
Opening net book amount	1,065,688	191,916	1,257,604
Additions	-	22,340	22,340
Amortisation charges	-	(13,857)	(13,857)
Disposals	-	(9,019)	(9,019)
Amortisation released on disposal	-	5,489	5,489
Closing net book amount	1,065,688	196,869	1,262,557
At 31 December 2018			
Cost	1,065,688	247,759	1,313,447
Accumulated amortisation	-	(50,890)	(50,890)
Net book amount	1,065,688	196,869	1,262,557

5. **Property, plant and equipment**

Group	Improvements to premises €	Motor vehicles €	Furniture, fixtures and other equipment €	Total €
At 1 January 2017				
Cost	1,546,774	134,916	6,378,280	8,059,970
Accumulated depreciation	(606,535)	(86,595)	(2,796,630)	(3,489,760)
Net book amount	940,239	48,321	3,581,650	4,570,210
Year ended 31 December 2017				
Opening net book amount	940,239	48,321	3,581,650	4,570,210
Additions	294,928	45,573	909,069	1,249,570
Disposals	(21,134)	(11,523)	-	(32,657)
Currency translation differences	-	(204)	17,347	17,143
Depreciation charge	(177,678)	(22,422)	(945,983)	(1,146,083)
Closing net book amount	1,036,355	59,745	3,562,083	4,658,183
At 31 December 2017				
Cost	1,820,568	168,762	7,304,696	9,294,026
Accumulated depreciation	(784,213)	(109,017)	(3,742,613)	(4,635,843)
Net book amount	1,036,355	59,745	3,562,083	4,658,183
Year ended 31 December 2018				
Opening net book amount	1,036,355	59,745	3,562,083	4,658,183
Additions	1,528,945	1,088	1,968,772	3,498,805
Disposals	(87,911)	(3,144)	(266,813)	(357,868)
Currency translation differences	1,013	494	(68)	1,439
Depreciation released on disposals	38,634	-	92,319	130,953
Depreciation charge	(244,411)	(21,458)	(1,165,888)	(1,431,757)
Closing net book amount	2,272,625	36,725	4,190,405	6,499,755
At 31 December 2018				
Cost	3,262,615	167,200	9,006,587	12,436,402
Accumulated depreciation	(989,990)	(130,475)	(4,816,182)	(5,936,647)
Net book amount	2,272,625	36,725	4,190,405	6,499,755

5. Property, plant and equipment - continued

Company	Improvements to premises €	Motor vehicles €	Furniture, fixtures and other equipment €	Total €
At 1 January 2017				
Cost	21,437	4,294	853,353	879,084
Accumulated depreciation	(2,167)	(2,315)	(237,101)	(241,583)
Net book amount	19,270	1,979	616,252	637,501
Year ended 31 December 2017				
Opening net book amount	19,270	1,979	616,252	637,501
Additions	1,079	11,890	104,825	117,794
Depreciation charge	(2,198)	(2,492)	(125,240)	(129,930)
Closing net book amount	18,151	11,377	595,837	625,365
At 31 December 2017				
Cost	22,516	16,184	958,178	996,878
Accumulated depreciation	(4,365)	(4,807)	(362,341)	(371,513)
Net book amount	18,151	11,377	595,837	625,365
Year ended 31 December 2018				
Opening net book amount	18,151	11,377	595,837	625,365
Additions	-	-	163,228	163,228
Depreciation charge	(2,252)	(3,237)	(149,933)	(155,482)
Closing net book amount	15,899	8,140	609,072	633,111
At 31 December 2018				
Cost	22,516	16,184	1,121,406	1,160,106
Accumulated depreciation	(6,617)	(8,044)	(512,334)	(526,995)
Net book amount	15,899	8,140	609,072	633,111

6. Investment in subsidiaries

	Company	
	2018 €	2017 €
Year ended 31 December		
At beginning of year	18,452,771	146,501
Additions	311,803	18,451,301
Disposals	-	(145,031)
At end of year	18,764,574	18,452,771

During 2018, the Group acquired the remaining 50% ownership interest in BD International Group Limited (Malta) for a consideration of €1,577,210.

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6. Investments in subsidiaries - continued

The principal subsidiaries at 31 December 2018 and 2017 are shown below. Unless otherwise stated, they have share capital consisting solely of ordinary shares.

Subsidiaries	Registered office	Voting rights held by the Group		Ownership interest held directly by the Company		Ownership interest held by the Group		Ownership interest held by non-controlling interests	
		2018	2017	2018	2017	2018	2017	2018	2017
Time International (Sport) Limited	Hudson House, Burmarrad Road, Burmarrad St Paul's Bay, Malta	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	-	-
Italian Operations Limited SRL	Via Vincenzo Romaniello, 21/B, 80129 Napoli, Italy	99.00%	99.00%	100.00%	100.00%	100.00%	100.00%	-	-
Italian Operations Limited Retail SRL	Via Vincenzo Romaniello, 21/B, 80129 Napoli, Italy	99.00%	99.00%	-	-	100.00%	100.00%	-	-
UJ International Co Limited	Hudson House, Burmarrad Road, Burmarrad St Paul's Bay, Malta	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	-	-
Urban Jungle Sneakers SL	21 C/Velazquez Madrid	100.00%	100.00%	-	-	100.00%	100.00%	-	-

6. Investments in subsidiaries - continued

Subsidiaries	Registered office	Voting rights held by the Group		Ownership interest held directly by the Company		Ownership interest held by the Group		Ownership interest held by non-controlling interests	
		2018	2017	2018	2017	2018	2017	2018	2017
Times 5 Limited	Hudson House, Burmarrad Road, Burmarrad St Paul's Bay, Malta	100.00%	100.00%	-	-	100.00%	100.00%	-	-
Time International Company Limited	Hudson House, Burmarrad Road, Burmarrad St Paul's Bay, Malta	100.00%	100.00%	-	-	100.00%	100.00%	-	-
BD International Group Limited	Hudson House, Burmarrad Road, Burmarrad St Paul's Bay, Malta	100.00%	100.00%	-	-	100.00%	50.00%	-	50.00%
BD Tunisia SARL	4 rue 7036, 2ème étage, El Menzah IV 1004, Tunis, Tunisia	100.00%	100.00%	-	-	100.00%	100.00%	-	-
BD International Group Limited	P.O. Box 3175, Road Town, Tortola British Virgin Islands	100.00%	100.00%	-	-	100.00%	50.00%	-	50.00%

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6. Investments in subsidiaries - continued

Subsidiaries	Registered office	Voting rights held by the Group		Ownership interest held directly by the Company		Ownership interest held by the Group		Ownership interest held by non-controlling interests	
		2018	2017	2018	2017	2018	2017	2018	2017
BD Morocco SARL	7, Rue El Messoudi Quartier Racine Casablanca	100.00%	100.00%	-	-	100.00%	100.00%	-	-
Sports Alliance Limited	P.O. Box 3175, Road Town, Tortola British Virgin Islands	100.00%	100.00%	-	-	100.00%	100.00%	-	-
Hudson International Company Limited	Hudson House, Burmarrad Road, Burmarrad St Paul's Bay, Malta	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	-	-
Hudson Libya Utilities <i>Management and Operation Services Joint Venture SC Company</i>	Gergarsh Street, Tripoli, Libya	65.00%	65.00%	-	-	65.00%	65.00%	35.00%	35.00%
Hudson Malta Plc	Hudson House, Burmarrad Road, Burmarrad St Paul's Bay, Malta	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	-	-
Hudson Italia SRL	Milano Via Monte Rosa 91 CAP 20149, Italy	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	-	-

7. Investment in associates

	Group	
	2018	2017
	€	€
Year ended 31 December		
At beginning of year	-	-
Additions	326,099	-
Share of loss for the year	(41,037)	-
At end of year	285,062	-

Associate	Registered office	Percentage of shares directly held by the Group	
		2018	2017
		%	%
Premium Brands SARL	29 rue des Pins Investments Park 2, 16035, Hydra, Algeria	43.56	-

8. Equity investments at fair value through other comprehensive income (2017: Available-for-sale financial investments)

	Group and Company	
	2018	2017
	€	€
Year ended 31 December		
As at 1 January	1,800,000	1,200,000
Additions	-	105,976
Fair value movements	(300,000)	494,024
As at 31 December	1,500,000	1,800,000
	Group and Company	
	2018	2017
	€	€
As at 31 December		
Cost	418,476	418,476
Fair value	1,081,524	1,381,524
	1,500,000	1,800,000

Following the adoption of IFRS 9 on 1 January 2018, 'available-for-sale financial assets' with a carrying amount of €1,800,000, were reclassified to 'Equity investments at fair value through other comprehensive income'.

The Group's equity investments, as at 31 December 2018, consists of equity instruments in an unlisted foreign private company, GRP 3ina SL, which is fair valued annually. Fair value is estimated by reference to recent transactions. Accordingly, the available-for-sale investment is categorised as Level 3 within the fair value measurement hierarchy required by IFRS 13. The change in the fair value of the investment is recognised in other comprehensive income in a fair value reserve.

9. Loans and receivables

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Current				
Loans to related parties	-	45,163	-	45,163
	-	45,163	-	45,163

Amounts owed by related parties are unsecured, bear interest at 4.95% and repayable on demand.

10. Financial assets at amortised cost

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Current				
Loans receivable from subsidiaries	-	-	3,440,000	-
Less: credit loss allowance in line with IFRS 9	-	-	(48,375)	-
	-	-	3,391,625	-

Following the adoption of IFRS 9 on 1 January 2018, 'loans and receivables' with a carrying amount of €45,163, were reclassified to 'Financial assets at amortised cost'.

Loans receivable from subsidiaries bear interest at 5.5% and are repayable by 2026.

11. Trade and other receivables

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Trade receivables	14,040,514	11,253,326	8,879	19,397
Less: Provisions for impairment	(1,524,024)	(1,411,762)	(4,228)	(4,244)
Trade receivables - net	12,516,490	9,841,564	4,651	15,153
Other receivables	2,007,571	1,097,038	7,673	21,538
Amount owed by subsidiaries – net of provisions	-	-	3,033,835	3,443,593
Indirect tax recoverable	1,990,108	1,008,795	-	-
Prepayments	1,873,068	1,668,217	106,666	81,073
	18,387,237	13,615,614	3,152,825	3,561,357
Current	17,888,000	12,534,292	3,152,825	3,561,357
Non-current	499,237	1,081,322	-	-

The amounts owed by subsidiaries are unsecured, repayable on demand and subject to interest at 4.85% - 5.35%.

Amounts owed by subsidiaries are stated at net of a provision of €53,650 in line with the expected credit loss model following the adoption of IFRS 9 on 1 January 2018.

12. Deferred tax liability/(asset)

Deferred taxes are calculated on temporary differences under the liability method and are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted by the end of the reporting period. The principal tax rate used is 35% (2017: 35%).

The movement on the deferred tax account is as follows:

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
At beginning of year	903,899	755,464	267,438	172,402
Impact of adoption of IFRS 9	-	-	(33,471)	-
Charged/(credited) to statement of comprehensive income (Note 23)	(197)	55,805	-	2,406
Currency translation differences	(3,960)	-	-	-
Directly in other comprehensive income	(56,250)	92,630	(56,250)	92,630
At end of year	843,492	903,899	177,717	267,438

The balance at 31 December represents:

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Temporary difference arising on of property, plant and equipment	(240,022)	(153,225)	9,887	9,887
Temporary differences arising on impairment of receivables	(74,485)	(171,985)	(34,956)	(1,485)
Temporary differences arising on foreign income	972,846	1,084,943	-	-
Temporary differences arising on unutilised tax losses	-	(66,930)	-	-
Temporary differences arising due other timing differences	(17,633)	(47,940)	-	-
Temporary differences arising on fair value movements	202,786	259,036	202,786	259,036
Deferred tax liability	843,492	903,899	177,717	267,438

12. Deferred tax liability/(asset) - continued

The recognised deferred tax assets and liabilities are expected to be recovered or settled principally after more than twelve months. The analysis of deferred tax assets and liabilities are as follows:

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Deferred tax assets	(394,464)	(448,482)	(33,471)	-
Deferred tax liabilities	1,237,956	1,352,381	211,188	267,438
Deferred tax liability	843,392	903,899	177,717	267,438

13. Inventories

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Goods held for resale	19,386,674	19,042,576	-	90

14. Cash and cash equivalents

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Cash at bank and in hand – net of provisions	8,906,524	6,166,287	195,185	7,811
Bank overdrafts (Note 17)	(298,052)	(2,099,735)	(111,454)	(384,454)
	8,608,472	4,066,552	83,731	(376,643)

Cash at bank is stated at net of a provision of €112,416 (2017: €Nil) in line with the expected credit loss model following the adoption of IFRS 9 on 1 January 2018.

15. Share capital and reserves

The authorised and issued share capital as at 31 December 2018 and 2017 were as follows:

	Company	
	2018	2017
	€	€
Authorised		
18,341 ordinary 'A' shares of €2.329373 each	42,723	42,723
4,546 ordinary 'B' shares of €2.329373 each	10,590	10,590
4,546 ordinary 'C' shares of €2.329373 each	10,590	10,590
4,546 ordinary 'D' shares of €2.329373 each	10,590	10,590
3,205 ordinary 'E' shares of €2.329373 each	7,465	7,465
1,352 ordinary 'F' shares of €2.329373 each	3,149	3,149
	85,107	85,107
Issued and fully paid		
18,341 ordinary 'A' shares of €2.329373 each	42,723	42,723
4,546 ordinary 'B' shares of €2.329373 each	10,590	10,590
4,546 ordinary 'C' shares of €2.329373 each	10,590	10,590
4,546 ordinary 'D' shares of €2.329373 each	10,590	10,590
3,205 ordinary 'E' shares of €2.329373 each	7,465	7,465
1,352 ordinary 'F' shares of €2.329373 each	3,149	3,149
	85,107	85,107

The holders of the ordinary A, B, C, D, E, and F shares rank 'pari passu' in all respects except for voting rights for appointment of directors. The holders of ordinary shares A have a right to appoint five directors, holders of ordinary shares B, C, D, and E have a right to appoint one director each and holders of ordinary shares F are not entitled to appoint a director.

The foreign exchange translation reserve represents the effect of translation into the Group's presentation currency of the financial performance and position of those entities whose functional currency is not the euro.

16. Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Trade payables	19,126,718	16,956,067	102,357	606,969
Amounts owed to subsidiaries	-	-	2,145,643	967,723
Amounts owed to related undertakings	3,853	3,853	-	-
Amounts owed to shareholders	254,403	221,051	254,403	221,051
Indirect taxation and other payables	2,612,861	3,198,926	145,243	227,618
Accruals	2,484,375	1,543,546	90,667	1,136,607
	24,482,210	21,923,443	2,738,313	3,159,968
Non-current portion	-	-	-	-
Current portion	24,482,210	21,923,443	2,738,313	3,159,968

Amounts owed to group and related undertakings are unsecured, repayable on demand and subject to interest at 4.85%- 5.35% (2017: 4.85% - 5.35%).

Amounts owed to shareholders are unsecured and interest-free. These amounts have no fixed date for repayment and the Group has an unconditional right to defer settlement of these amounts for at least twelve months after the date of the statement of financial position.

17. Borrowings

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Current				
Bank overdrafts	298,052	2,099,735	111,454	384,454
Bank loans and other facilities	8,194,644	8,917,942	182,238	216,388
Loan from related party	-	83,340	-	-
Total current	8,492,696	11,101,017	293,692	600,842
Non-current				
Loan from subsidiary	-	-	4,500,000	-
Listed bond	11,792,700	-	-	-
Bank loans	372,869	2,009,012	324,947	410,716
Total non-current	12,165,569	2,009,012	4,824,947	410,716
Total borrowings	20,658,265	13,110,029	5,118,639	1,011,558

The carrying amounts of borrowings approximate their fair value.

17. Borrowings - continued

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Within one year	8,492,696	11,101,017	293,692	600,842
Between 1 and 2 years	230,160	846,340	182,238	160,176
Between 2 and 5 years	142,709	942,112	142,709	250,540
Over 5 years	11,792,700	220,560	4,500,000	-
	20,658,265	13,110,029	5,118,639	1,011,558

At the end of the reporting period, the Group and the Company had a total maximum general banking facility limit of €36.4 million (2017: €46.1 million) and €2,057,187 (2017: €1,193,850) respectively.

The Bond of €12,000,000 is repayable by 2026, bears interest at 4.35%, payable annually in arrears on 6 April of each year and is stated at net of unamortised bond issue costs of €207,300.

Loan from subsidiary bear interest at 5.5%, is unsecured, and is repayable by 2026.

The Group is charged interest on bank loans and other facilities at the rate of 4.50% - 4.95% per annum (2017: 2.35% - 5.35% per annum). The Company's overdraft facilities and bank loans bear interest at the rate of 4.95% (2017: 5.00%). These facilities are secured by a first special hypothec over the Group and the Company's assets.

18. Revenue

Revenue represents the amounts receivable for goods sold and services rendered during the year, net of any indirect taxes. The following amounts have been included in the income statement line for the reporting period presented:

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Retail	40,687,410	29,832,678	-	-
Wholesale	64,341,577	56,680,241	-	-
Management fees	-	-	2,791,778	2,232,748
	105,028,987	86,512,920	2,791,778	2,232,748

19. Expenses by nature

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Purchases of goods for resale	74,530,251	61,053,183	-	32,842
Write down in inventory value	984,289	1,677,491	-	-
Commissions payable	449,410	416,318	-	-
Royalties	1,562,785	1,477,061	-	-
Other direct expenses	1,405,677	1,100,181	-	-
Employee benefit expense (Note 20)	9,236,135	7,397,232	1,699,440	1,234,112
Amortisation of intangible assets (Note 4)	13,857	10,414	-	-
Depreciation of property, plant and equipment (Note 5)	1,431,757	1,146,083	155,482	129,930
Rent	5,862,977	4,192,086	89,162	94,779
Legal and professional fees	775,653	520,985	127,702	40,234
Increase/(decrease) in provision for bad debts	112,262	(136,240)	-	(576)
Movement in provision for intercompany receivables	-	-	6,394	-
Movement in provision for bank balances	(1,943)	-	-	-
Bad debts written off	-	-	-	-
Bank charges	912,576	875,700	6,942	4,196
Advertising	1,776,286	1,554,739	35,265	5,465
Other expenses	3,221,809	2,243,088	612,817	463,719
Total cost of sales, operation and administrative expenses	102,273,781	83,528,321	2,733,204	2,004,701

Auditor's fees

	Group		Company	
	2018	2017	2018	2018
	€	€	€	€
Annual statutory audit	70,000	57,000	2,050	2,000
Non-audit fees	839	2,110	7,873	750
	70,839	59,110	9,923	2,750

20. Employee benefit expense

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Wages and salaries	8,459,963	6,826,940	1,594,868	1,527,855
Social security costs	776,172	570,292	104,572	90,626
	9,236,135	7,397,232	1,699,440	1,618,481
Recharged to group undertakings	-	-	-	(384,369)
	9,236,135	7,397,232	1,699,440	1,234,112

The average number of persons employed during the year, including executive directors was made up as follows:

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Administration and finance	48	50	31	36
Operations	106	106	23	29
Retail	390	346	-	-
	544	502	54	65

21. Finance income

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Interest income on amounts due by third parties	10,484	184	-	-
Interest income on amounts due by subsidiaries and group undertakings	-	-	254,231	156,998
	10,484	184	254,231	156,998

22. Finance costs

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Interest on bank overdrafts and loans	966,861	756,017	37,289	56,444
Interest on amounts owed to subsidiaries	-	-	245,419	26,183
	966,861	756,017	282,708	82,627

23. Tax expense

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Current tax expense	1,381,086	752,982	120,705	588,131
Deferred tax (credit)/charge (Note 10)	(197)	55,805	-	2,406
	1,380,889	808,787	120,705	590,537

The tax on the profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2018 €	2017 €	2018 €	2017 €
Profit before tax	2,361,007	2,360,360	330,961	17,910,523
Tax at 35%	826,351	826,126	115,836	6,268,683
Tax effect of:				
Difference in tax rates	382,090	(27,824)	-	-
Income subject to tax at reduced rates	(2,170)	(4)	-	-
Income not subject to tax	625	(88,353)	-	(5,683,994)
Unrecognised deferred tax	35,001	-	-	-
Expenses not allowable for tax purposes	137,625	110,008	4,868	2,482
Other	1,367	(11,166)	-	3,366
Tax expense	1,380,889	808,787	120,705	590,537

24. Dividends

	Group and Company	
	2018	2017
	€	€
Dividends paid on ordinary shares - net	400,000	-
Dividends per share	10.948	-

25. Directors' emoluments

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Salaries and other emoluments	933,974	620,243	913,974	520,438
	933,974	620,243	913,974	520,438

26. Cash generated/(used in) from operating activities

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Operating profit	3,358,421	3,116,193	359,438	17,297,690
Adjustments for:				
Amortisation (Note 4)	13,857	10,414	-	-
Depreciation (Note 5)	1,431,757	1,146,083	155,482	129,930
Loss on disposal of property, plant and equipment (Note 5)	230,445	-	-	-
Other income	(1,577,210)	-	-	-
Movement in impairment of provision on receivables	112,262	(136,240)	6,394	576
Movement in provision of bank balances	(114,359)	-	-	-
Changes in working capital:				
Inventories	(344,098)	(3,219,970)	90	100
Trade and other receivables	(4,441,100)	(2,350,695)	354,882	(1,138,730)
Trade and other payables	2,558,767	(1,499,889)	(421,655)	1,861,498
Other	-	-	-	-
Cash generated from/(used in) operations	1,228,742	(2,934,104)	454,631	18,151,064

27. Commitments

Operating lease commitments - as lessee

The Group and Company lease various retail outlets, offices and warehouses under non-cancellable operating lease agreements. The majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017	2018	2017
		€	€	€
No later than 1 year	4,602,450	3,629,478	87,856	115,500
Later than 1 year & no later than 5 years	14,099,493	12,491,849	367,310	517,447
Later than 5 years	15,462,199	2,672,222	-	-
	34,164,142	18,793,549	455,167	632,947

28. Related party transactions

Group

In the normal course of business, the Group enters into various transactions with related parties. Related parties are defined as those that have an ability to control or exercise significant influence over the other party in making financial and operational decisions. These include directors and shareholders who hold a substantial amount of the votes able to be cast at general meetings.

The directors of all subsidiaries are considered as key management personnel. The following represents compensation to the directors of the Company and of all subsidiaries:

	2018	2017
	€	€
Key management compensation		
Salaries and emoluments	933,974	620,243

28. Related party transactions - continued

Company

All companies forming part of the Hudson Group are considered by the directors to be related parties.

The following transactions were carried out by the Company with related parties:

	2018 €	2017 €
Revenue		
Revenue - subsidiaries	2,791,778	2,232,748
Expenses		
Administrative expenses - key management personnel	913,974	520,438

Key management personnel compensation consisting of directors' remuneration is disclosed in Note 25 to these financial statements.

Year end balances owed by/to related parties are disclosed separately in Notes 9, 10, 11, 16 and 17 to these financial statements.

29. Statutory information

Hudson Holdings Limited is a limited liability company and is incorporated in Malta, with its registered address at Hudson House, Burmarrad Road, Burmarrad, St. Paul's Bay, Malta.