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**TAX FREE EUROPE HOLDING LTD**

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**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**TAX FREE EUROPE HOLDING LTD**

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**COMPANY INFORMATION**

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<b>Directors</b>	J Kang Y Chung (appointed 31 August 2020)
<b>Registered number</b>	11429672
<b>Registered office</b>	20 Farringdon Street London EC4A 4AB
<b>Independent auditors</b>	Nyman Libson Paul LLP Chartered Accountants & Registered Auditors 124 Finchley Road London NW3 5JS

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**TAX FREE EUROPE HOLDING LTD**

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## **TAX FREE EUROPE HOLDING LTD**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their report and the financial statements for the year ended 31 December 2019.

The directors who served during the period were:

J Kang  
K Ban (resigned 24 April 2019)  
K Lee (resigned 31 August 2020)  
W Lee (appointed 29 March 2019, resigned 31 October 2019)  
H C Mun (resigned 18 April 2019)

#### **Results and dividends**

The loss for the year, after taxation, amounted to €24,725 (2018 - loss €2,304).

The company paid a dividend of €1,986,144 during the reporting period.

#### **Future developments**

The directors believe that there will be no material change in the operation of the business in 2021.

#### **Post year end events**

Events since the reporting date have been disclosed in the notes to the financial statements.

#### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

- state whether they have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Auditors**

The auditors, Nyman Libson Paul LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 31 January 2021 and signed on its behalf.

Y Chung  
Director

## Opinion

We have audited the financial statements of Tax Free Europe Holding Ltd for the year ended 31 December 2019 which comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the related notes, including a summary of significant accounting policies set out on pages 12 - 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

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



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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAX FREE EUROPE HOLDING LTD (CONTINUED)**

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**Other information**

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

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAX FREE EUROPE HOLDING LTD (CONTINUED)

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

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

**Other matters**

The financial statements of the company for the period ended 31 December 2018 were not audited and accordingly the corresponding figures and the comparative financial statements are unaudited.

Richard Lloyd (Senior Statutory Auditor)  
for and on behalf of

**Nyman Libson Paul LLP**  
Chartered Accountants  
Registered Auditors  
124 Finchley Road  
London  
NW3 5JS

31 January 2021

## TAX FREE EUROPE HOLDING LTD

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**STATEMENT COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**


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	Year ended 31 December 2019 €	Period ended 31 December 2018 €
Administrative expenses	(24,725)	(2,304)
<b>Loss and total comprehensive expenses for the year</b>	<u><u>(24,725)</u></u>	<u><u>(2,304)</u></u>

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 €	2018 €
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	6	2,113,647	-
<b>Current assets</b>			
Trade and other receivables	7	-	1,058,496
Cash and cash equivalents	12	3,736,316	4,502,433
		<u>3,736,316</u>	<u>5,560,929</u>
<b>Total assets</b>		<u>5,849,963</u>	<u>5,560,929</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Current liabilities</b>			
Bank overdraft	12	513	300
Trade and other liabilities	8	1,998,297	-
		<u>1,998,810</u>	<u>300</u>
<b>Total liabilities</b>		<u>1,998,810</u>	<u>300</u>
<b>Net assets</b>		<u><u>3,851,153</u></u>	<u><u>5,560,629</u></u>
<b>Issued capital and reserves</b>			
Share capital		3,761,413	5,699,110
Foreign exchange reserve		165,216	(136,177)
Retained earnings		(75,476)	(2,304)
<b>TOTAL EQUITY</b>		<u><u>3,851,153</u></u>	<u><u>5,560,629</u></u>

The financial statements on pages 8 to 17 were approved and authorised for issue by the board of directors and were signed on its behalf by:

**Y Chung**  
Director

Date: 31 January 2021

The notes on pages 12 to 14 form part of these financial statements.

**TAX FREE EUROPE HOLDING LTD**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital	Foreign exchange reserve	Retained earnings	Total equity
	€	€	€	€
<b>At 1 January 2019</b>	5,699,110	(136,176)	(2,304)	5,560,630
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(24,725)	(24,725)
<b>Total comprehensive income for the year</b>	-	-	(24,725)	(24,725)
<b>Contributions by and distributions to owners</b>				
Dividends	-	-	(1,986,144)	(1,986,144)
Purchase of own shares	(1,937,697)	-	1,937,697	-
Foreign exchange movement	-	301,392	-	301,392
<b>Total contributions by and distributions to owners</b>	(1,937,697)	301,392	(48,447)	(1,684,752)
<b>At 31 December 2019</b>	<u>3,761,413</u>	<u>165,216</u>	<u>(75,476)</u>	<u>3,851,153</u>

	Share capital	Foreign exchange reserve	Retained earnings	Total equity
	€	€	€	€
<b>Comprehensive income for the year</b>				
Loss for the period	-	-	(2,304)	(2,304)
<b>Total comprehensive income for the year</b>	-	-	(2,304)	(2,304)
<b>Contributions by and distributions to owners</b>				
Issue of share capital	5,699,110	-	-	5,699,110
Foreign exchange movement	-	(136,177)	-	(136,177)
<b>Total contributions by and distributions to owners</b>	5,699,110	(136,177)	-	5,562,933
<b>At 31 December 2018</b>	<u>5,699,110</u>	<u>(136,177)</u>	<u>(2,304)</u>	<u>5,560,629</u>

The notes on pages 12 to 14 form part of these financial statements.

## TAX FREE EUROPE HOLDING LTD

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 €	2018 €
<b>Cash flows from operating activities</b>		
Loss for the year	(24,725)	(2,304)
<b>Adjustments for</b>		
Net foreign exchange loss/(gain)	314,059	(136,177)
	<u>289,334</u>	<u>(138,481)</u>
<b>Movements in working capital:</b>		
Decrease/(increase) in trade and other receivables	1,058,496	(1,058,496)
<b>Cash generated from operations</b>	<u>1,347,830</u>	<u>(1,196,977)</u>
<b>Net cash from/(used in) operating activities</b>	<u>1,347,830</u>	<u>(1,196,977)</u>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary, net of cash acquired	(2,113,647)	-
<b>Net cash (used in)/from investing activities</b>	<u>(2,113,647)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	-	5,699,110
<b>Net cash from financing activities</b>	<u>-</u>	<u>5,699,110</u>
<b>Net cash (decrease)/increase in cash and cash equivalents</b>	<u>(765,817)</u>	<u>4,502,133</u>
Cash and cash equivalents at the beginning of year	4,502,133	-
<b>Cash and cash equivalents at the end of the year</b>	<u><u>3,736,316</u></u>	<u><u>4,502,133</u></u>

## TAX FREE EUROPE HOLDING LTD

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**
**1. Reporting entity**

## **2. Functional and presentation currency**

The company's functional currency is GBP as that is the currency of the primary economic environment. This differs from the presentational currency which is Euros as that is the currency of the French subsidiary which undertakes all of the trading activities of the group. In 2018, the accounts were prepared in GBP but have been restated in Euros.

## **3. Accounting policies**

### **3.1 Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and International Financial Reporting Committee ("IFRIC") interpretations and with those parts of the Companies Act 2006 as they apply to the financial statements of the company for the year ended 31 December 2019.

The principal accounting policies of the company applied in the preparation of these financial statements are set out below. The IFRS accounting policies have been applied consistently to all periods presented.

### **3.2 Exemption from preparing of consolidated financial statements**

The financial statements contain information about Tax Free Europe Holding Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

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## **TAX FREE EUROPE HOLDING LTD**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **3. Accounting policies (continued)**

##### **3.3 Going concern**

The financial statements have been prepared on the going concern basis, despite the current general uncertainty arising from the coronavirus pandemic.

Although the potential effects of the COVID-19 virus can be modelled, it is very difficult to determine the assumptions that will prove to be most appropriate and therefore there is an element of doubt existing that cannot be quantified.

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The parent of the company, Global Tax Free Co. Ltd, has indicated its willingness to continue to finance the company for a period of at least twelve months from the approval of the financial statements. Therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have concluded that the use of the going concern principal is appropriate.

##### **3.4 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

The company assesses whether it has significant influence not only on the basis of its ownership percentage but also on the existence of qualitative factors such as representation on the board of directors of the investee, its participation in decision making processes, interchange of managerial personnel and access to technical information.

The investments are assessed at each reporting date to determine whether it is necessary to recognise any impairment loss with respect to the company's investment. When necessary, the entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

##### **3.5 Foreign currency**

In preparing the financial statements, transactions in currencies other than the entity's presentational currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

##### **3.6 Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

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**TAX FREE EUROPE HOLDING LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**3. Accounting policies (continued)**

**3.7 Financial instruments**

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

**3.8 Financial assets**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Cash and cash equivalents include cash in hand and monies in current bank accounts.

Trade and other debtors are recognised when the amount can be measured reliably.

**3.9 Creditors**

Short term creditors are measured at the transaction price.

**3.10 Dividends**

Dividends are recognised when they become legally payable.

**4. Accounting estimates and judgments**

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the company accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgments and estimates have been made in preparing the financial statements and their effects are disclosed below.

A key source of estimation uncertainty is the determination of impairment of value of its investment in subsidiaries.

**5. Dividends**

	2019 €	2018 €
Dividend payable	<u>1,986,144</u>	<u>-</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**6. Investments**

	2019 €	2018 €
Investments in subsidiary companies	2,113,647	-
	<u>2,113,647</u>	<u>-</u>

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Global Tax Free France SA**

Registered office: 11 Blvd du General Leclerc Saint-Etienne-de-Montluc, 44360 France

Nature of business: Financial services

Class of shares : Ordinary shares

% holdings : 75%

**7. Trade and other receivables**

	2019 €	2018 €
Other receivables	<u>-</u>	<u>1,058,496</u>

**8. Trade and other payables**

	2019 €	2018 €
Other payables	<u>1,998,297</u>	<u>-</u>

Other payable includes the amount payable to its immediate and ultimate parent, Global Tax Free Co. Ltd €1,998,297 by way of a dividend.

**TAX FREE EUROPE HOLDING LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**9. Share capital**

	2019 No. of shares	2019 €	2018 No. of shares	2018 €
<b>Issued and fully paid</b>				
At beginning of year	5,000,000	5,699,110	-	-
Issued during the year	-	-	5,000,000	5,699,110
Share capital reduction	(1,700,000)	(1,937,697)	-	-
	-	-	-	-
	<u>3,300,000</u>	<u>3,761,413</u>	<u>5,000,000</u>	<u>5,699,110</u>

During 2019, the directors of the company made a solvency statement pursuant to section 642 of the Companies Act 2006 in connection with the reduction of the issued share capital of the company.

**10. Financial commitment**

The company has future financial commitments to buy remaining shares from the existing shareholders of its subsidiary company amounting to €2,167,500.

**11. Controlling party**

The immediate and ultimate parent undertaking is Global Tax Free Co. Ltd, a company incorporated in South Korea with its registered office at Toegye-ro, Jung-gu, Seoul, South Korea, 100-845.

**12. Notes supporting statement of cash flows**

	2019 €	2018 €
Cash at bank available on demand	3,736,316	4,502,433
Bank overdrafts	(513)	(300)
<b>Cash and cash equivalents in the statement of cash flows</b>	<u>3,735,803</u>	<u>4,502,133</u>

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**TAX FREE EUROPE HOLDING LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**13. Events after the reporting date**

Since March 2020, the spread of Coronavirus (COVID-19 pandemic) has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

The effects of this pandemic on the 2020 accounts of its subsidiary company are uncertain and unknown at this stage. However, the impact of this pandemic can be significant, especially in terms of the turnover of its subsidiary company.

The company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact.