Company registration number 02296619 (England and Wales)

THE ECU GROUP PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

THE ECU GROUP PLC

COMPANY INFORMATION

Directors	Michael Petley David Robinson
Company number	02296619
Registered office	73 Cornhill London EC3V 3QQ
Auditors	Gerald Edelman LLP 73 Cornhill London EC3V 3QQ

THE ECU GROUP PLC

CONTENTS

THE ECU GROUP PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The principal business activities of the Company during 2022 continued to be its Discretionary Currency Debt Management Services and the provision of Global Macroeconomic and Currency Risk Management products and services to institutional investors, corporates, family offices and UHNW individuals.

Fair review of the business

As previously reported, on 1 November 2021, the High Court held that the Company's Claims against entities with the HSBC Group for breach of contract and fraud in relation to their handling and execution of the Company's substantial foreign exchange stop-loss and market orders from 2004 to 2006 were time barred. Notwithstanding HSBC admitting some twenty counts of fraud and theft, the Company was nonetheless ordered by the Court to pay HSBC's costs and, on 13 December 2021, the Company was required to make a payment-on-account of $11.0 million. The Company had previously procured £5.0 million in ATE Insurance together with an additional £2.5 million deposit placed in escrow as security for costs and which were paid in December 2021 pursuant to the payment-on-account Order. However the Company has been unable to pay the remaining $1.1million of costs.

As a consequence, the Company's financial resources became seriously constrained and in 2022 The Board decided to wind down and cease its normal trading operations. In March 2022, the Company closed its Discretionary Currency Debt Management Programme and shortly after closed its branch operation in Abu Dhabi.

The directors are of the opinion that there is significant potential revenue from third party claims in the future and it is in the interest of creditors for the company to continue to operate.

Other Litigation

In November 2020, to avoid the claims becoming time barred, the Abu Dhabi Branch identified and brought separate cases for foreign exchange misconduct against five banks, also based upon regulatory findings or enforcement actions, for alleged misconduct during the period 2006 to 2011. However, subsequent to the judgement in the HSBC case, the Company's financial resources were insufficient to pursue these actions and the Board made the reluctant decision to withdraw all the claims and in doing so during 2021 The Company agreed to pay costs of £375,000 to third parties. During 2022 The Company was ordered by The High Court to pay further damages of £221,000 but has been unable to make payment.

In 2020, the Company became an automatic participant in two competing multi-billion pound UK collective action/antitrust proceedings for aggregate damages brought before London's Competition Appeal Tribunal (CAT) against a number of major banks for foreign exchange cartel/market rigging claims (i.e., it bears mention that a number of these banks had been fined over €1.0 bn by the EU Competition Commission in 2019 for related FX market infringements between 2007 and 2013, in addition to the multi-billion pounds fines levied by both UK, US and other regulatory and law enforcement authorities for criminal misconduct that occurred within their FX operations during this period). It is common ground that the Company routinely placed some of the FX market's largest stop-loss orders during this time period, the precise type of orders which were cited by the EU Commission, the UK FCA, the US CFTC and DOJ, amongst other international regulators and law enforcement agencies, as being the subject of serious and regular criminal misconduct.

The London CAT conducted a hearing between 12 and 16 July 2021 to consider whether the two UK collective proceedings against banks for FX market rigging (ie, the Michael O'Higgins PCR and the Phillip Evans PCR, respectively) should be certified and if so, which proposed class representative should act as the class representative.

The CAT handed down its certification judgement on 31 March 2022. On the first issue, the CAT found that the proceedings should be certified as collective proceedings on an opt-in basis only. On the second issue, the CAT agreed that if the claims were to continue on an opt-out basis, the Tribunal would decide carriage in favour of Mr Evans' application.

Both parties sought to appeal the CAT decision. On 4 October 2022 the CAT granted the parties permission to appeal its judgment, reasoning that there was a "real prospect" of Mr Evan persuading the Court of Appeal that the Tribunal's decision not to certify the FX claims on an opt-out basis was erroneous in law.

The Court of Appeal considered the parties' respective appeals during a four-day hearing from 25-28 April 2023. We expect the Court of Appeal to hand down its judgment later in 2023.

The Company intends to monitor developments closely and consult with its insolvency practitioner in order to determine the best way forward for the Company and all its creditors and stakeholders.

Principal risks and uncertainties

Currency market risk

Adverse currency movements could materially increase the value of multi-currency assets and liabilities under the Company's management. The Company's principal relationship banks all have access to trading platforms and dealing rooms to implement ECU's pre-determined risk management strategies as part of its overall risk management process.

Exposure to price, credit and liquidity risk

Price risk arises on financial instruments because of changes in, for example, equity prices or currency rates. The Company does not enter into speculative contracts with its own funds.

Credit risk is the risk that one party in a financial transaction will cause a financial loss to the other party by failing to discharge an obligation. Currency trading for the managed multi-currency liability programmes does not represent a credit risk to the Company because the Company is not a direct party in such transactions. Details of the Company's debtors are included in note 17 to the financial statements. Trade debtors arise in the main from management or performance fees for the debt management programme. The Company's policy is that debts which are aged over three months are referred to solicitors for collection. Liquidity risk is the risk that an obligation cannot be met as it falls due.

The Company is no longer FCA regulated. The Board applied to the FCA in early 2022 to de-register the company and the FCA cancelled the registration on 11 November 2022.

Creditor payments

The Company settles invoices in accordance with the terms of the suppliers' own conditions unless mutually agreed otherwise.

The company's key financial indicators were:	**2022**	**2021**
	£'000	**£'000**
Funds under Management - active	-	6,037
- suspended	-	63,884
Turnover	12	37
Loss on ordinary activities before taxation	614	3,549
Loss after taxation	614	3,553
Shareholders' funds	(7,815)	(7,201)

On behalf of the board

Michael Petley

Chief Executive Officer

26 June 2023

THE ECU GROUP PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities
Prior to 2022 the principal activity of the company was managing currency and global macro mandates on behalf of clients. During 2022 the company closed its discretionary debt management programme and closed its branch operation in Abu Dhabi.

Results and dividends
The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Gregg Egen - Chairman	(Resigned 31 January 2022)
Lady Rona Delves Broughton	(Resigned 25 February 2022)
Alexander Jones	(Resigned 31 January 2022)
Michael Petley	
David Robinson	

Auditor
Gerald Edelman LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Energy and carbon report
As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

Michael Petley
Director

26 June 2023

THE ECU GROUP PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 these financial statements, the directors are required to:

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

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

THE ECU GROUP PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE ECU GROUP PLC

Opinion
We have audited the financial statements of The ECU Group plc (the 'company') for the year ended 31 December 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern
We draw attention to note 1.2 in the financial statements. The events and conditions, along with the other matters as set forth in note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our audit procedures were primarily directed towards testing the accounting systems in operation which we have based our assessment of the financial statements for the year ended 31 December 2020.

We planned our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements resulting from irregularities, fraud or non-compliance with law or regulations.

Extent to which the audit was considered capable of detecting irregularities, including fraud
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- Enquiring of management of whether they are aware of any non-compliance with laws and regulations.
- Enquiring of management whether they have knowledge of any actual, suspected or alleged fraud.
- Enquiring of management their internal controls established to mitigate risk related to fraud or non-compliance with laws and regulations.
- Discussions amongst the engagement team on how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas; posting of unusual journals.
- Obtaining understanding of the legal and regulatory framework the company operates in focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations. The key laws and regulations we considered in this context included UK Companies Act, tax legislation,data protection, anti-bribery, employment and health and safety.

Audit response to risks identified

Fraud due to management override

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships.
- Audited the risk of management override of controls, including through testing journal entries for appropriateness
- Assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

Irregularities and non-compliance with laws and regulations

In response to the risk of irregularities and non compliance with laws and regulations, we designed procedures which included, but are not limited to:

- Agreeing financial statements disclosures to underlying supporting documentation.
- Reviewing minutes of meetings of those charged with governance.
- Enquiring of management as to actual and potential litigation claims.
- Reviewing correspondence with HMRC.

The test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, mean that there is an unavoidable risk that even some material misstatements in respect of irregularities may remain undiscovered even though the audit is properly planned and performed in accordance with ISAs (UK). Furthermore, the more removed that laws and regulations are from financial transactions, the less likely that we would become aware of non-compliance.

Our examination should therefore not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist. The responsibility for safeguarding the assets of the company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the directors.

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

Use of our report

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

Stephen Coleman ACA
Senior Statutory Auditor
For and on behalf of Gerald Edelman LLP

26 June 2023

Chartered Accountants
Statutory Auditor

73 Cornhill
London
EC3V 3QQ

THE ECU GROUP PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	**2**	12,481	37,440
Administrative expenses		(373,395)	(3,502,810)
Operating loss	**3**	(360,914)	(3,465,370)
Interest receivable and similar income	**5**	-	238
Interest payable and similar expenses	**6**	(253,120)	(83,385)
Amounts written off investments	**10**	-	(60)
Loss before taxation		(614,034)	(3,548,577)
Tax on loss	**8**	-	(4,928)
Loss for the financial year		(614,034)	(3,553,505)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

THE ECU GROUP PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £	2021 £
Loss for the year	(614,034)	(3,553,505)
Other comprehensive income	-	-
Total comprehensive income for the year	(614,034)	(3,553,505)

THE ECU GROUP PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2021	8,185,000	200,000	(12,032,855)	(3,647,855)
Year ended 31 December 2021:				
Loss and total comprehensive income for the year	-	-	(3,553,505)	(3,553,505)
Balance at 31 December 2021	8,185,000	200,000	(15,586,360)	(7,201,360)
Year ended 31 December 2022:				
Loss and total comprehensive income for the year	-	-	(614,034)	(614,034)
Balance at 31 December 2022	8,185,000	200,000	(16,200,394)	(7,815,394)

THE ECU GROUP PLC

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	**£**	**£**	**£**	**£**
Current assets					
Debtors	**14**	483		69,232	
Cash at bank and in hand		7,041		3,654	
		7,524		72,886	
Creditors: amounts falling due within one year	**12**	(5,642,918)		(2,789,246)	
Net current liabilities			(5,635,394)		(2,716,360)
Creditors: amounts falling due after more than one year	**13**		(2,180,000)		(4,485,000)
Net liabilities			(7,815,394)		(7,201,360)
Capital and reserves					
Called up share capital	**17**		8,185,000		8,185,000
Capital redemption reserve			200,000		200,000
Profit and loss reserves			(16,200,394)		(15,586,360)
Total equity			(7,815,394)		(7,201,360)

The financial statements were approved by the board of directors and authorised for issue on 26 June 2023 and are signed on its behalf by:

Michael Petley
Director

Company Registration No. 02296619

THE ECU GROUP PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2022 £	2021 £	2021 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	**19**		256,507		(778,795)
Interest paid			(253,120)		(83,385)
Net cash inflow/(outflow) from operating activities			3,387		(862,180)
Investing activities					
Purchase of tangible fixed assets		-		(1,298)	
Proceeds from disposal of associates		-		60	
Proceeds from disposal of investments		-		(60)	
Interest received		-		238	
Net cash used in investing activities			-		(1,060)
Financing activities					
Repayment of debentures		-		628,500	
Net cash (used in)/generated from financing activities			-		628,500
Net increase/(decrease) in cash and cash equivalents			3,387		(234,740)
Cash and cash equivalents at beginning of year			3,654		238,394
Cash and cash equivalents at end of year			7,041		3,654

1 Accounting policies

Company information

The ECU Group plc is a company limited by shares incorporated in England and Wales. The registered office is 73 Cornhill, London EC3V 3QQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The financial statements have been prepared on a going concern basis, not withstanding the fact that at the balance sheet date the company's total liabilities exceed its total assets by £7,815,394 (2021: £7,201,360) the validity of which is dependent on the board's future plans.

The directors are of the opinion that there is significant potential revenue from third party claims in the future and it is in the interest of creditors for the company to continue to operate.

1.3 Turnover

Turnover is stated net of value added tax and is recognised in accordance with signed agreements with the company's clients.

Revenue from contracts for the provision of professional services is recognised by reference percentages agreed in accordance with signed agreement. Income is recognised monthly based on agreed rates and yearly based on performance level and charged at agreed rate.

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, 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 to realise the asset and settle the liability simultaneously.

1 Accounting policies **(Continued)**

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies **(Continued)**

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date, where applicable.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies **(Continued)**

1.8 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision in measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.10 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022	2021
	£	£
Turnover analysed by class of business		
Fees receivable	12,481	37,440

3 Operating loss

		2022	2021
Operating loss for the year is stated after charging/(crediting):		£	£
Exchange losses/(gains)		70,006	(910)
Auditors remuneration	- Audit work	1,000	4,500
	- Accounts work	1,000	250
	- Tax work	100	250
Depreciation of owned tangible fixed assets		-	7,117
Operating lease charges		1,205	133,342

4 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	-	186,250

5 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	-	238

	2022	2021
Investment income includes the following:	£	£
Interest on financial assets not measured at fair value through profit or loss	-	238

6 Interest payable and similar expenses

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	253,120	83,385

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Directors and administrative staff	2	4

7 Employees **(Continued)**

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	-	370,417
Social security costs	-	9,286
Pension costs	-	45,208
	-	424,911

8 Taxation

	2022	2021
	£	£
Deferred tax		
Origination and reversal of timing differences	-	4,928

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Loss before taxation	(614,034)	(3,548,577)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(116,666)	(674,230)
Other tax adjustments	116,666	679,158
Taxation charge for the year	-	4,928

9 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2022	2021
		£	£
In respect of:			
Fixed asset investments		-	60
Recognised in:			
Amounts written off investments		-	60

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

10 Amounts written off investments

	2022	2021
	£	£
Permanent diminution in value	-	(60)

11 Financial instruments

	2022	2021
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	-	42,205
Carrying amount of financial liabilities		
Measured at amortised cost	7,822,918	7,274,352

12 Creditors: amounts falling due within one year

	Notes	2022	2021
		£	£
Debenture loans	15	2,305,000	-
Trade creditors		737,537	1,152,069
Taxation and social security		-	(106)
Other creditors		2,310,832	1,545,459
Accruals and deferred income		289,549	91,824
		5,642,918	2,789,246

13 Creditors: amounts falling due after more than one year

	Notes	2022	2021
		£	£
Debenture loans	15	2,180,000	4,485,000

14 Debtors

	2022	2021
Amounts falling due within one year:	£	£
Other debtors	-	42,205
Prepayments and accrued income	483	27,027
	483	69,232

15 Loans and overdrafts

	2022	2021
	£	£
Debenture loans	4,485,000	4,485,000
Payable within one year	2,305,000	-
Payable after one year	2,180,000	4,485,000

The bonds represent two distinct 5 year Corporate Bonds. The first bond instrument, constituting up to £2,000,000 0.75% Class 1 Fixed Rate Unsecured Bonds 2022 of the Company (the "Class 1 Bonds"), has been fully subscribed for, allocated and issued.

The second bond instrument constitutes up to £2,500,000 3.85% Class 2 Fixed Rate Unsecured Bonds 2022 of the Company (the "Class 2 Bonds"), of which £2,485,000 has, at 31 December 2021, been subscribed for, allocated and issued.

16 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	-	45,208

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

17 Share capital

	2022	2021
	£	£
Ordinary share capital		
Issued and fully paid		
3,400,000 'A' Ordinary shares of 80p each	2,720,000	2,720,000
12,325,000 'B' Ordinary shares of 20p each	2,465,000	2,465,000
	5,185,000	5,185,000
Preference share capital		
Issued and fully paid		
3,000,000 Preference shares of £1 each	3,000,000	3,000,000
Preference shares classified as equity	3,000,000	3,000,000
Total equity share capital	8,185,000	8,185,000

17 Share capital **(Continued)**

Both classes of ordinary shares are ranked pari passu in all respects and any reference in the articles to an 'ordinary share' shall be to an 'A' Ordinary Share of £0.80 and/or to a 'B' Ordinary Share of £0.20.

The preference shares are entitled to a 3% non-cumulative cash dividend, payable quarterly before any dividend on ordinary shares. In any distribution of assets in the event of a winding up, the paid up amount of the preference shares (£3,000,000) will be reimbursed ahead of any payments in respect of the ordinary shares. Preference shares carry no voting rights.

18 Related party transactions

The company also incurred interest on the issue of Class 2 Bonds of £11,646 (2021 £11,646) to Lady Rona Delves Broughton, £7,380 (2021: £7,380) to David Robinson, £2,362 (2021: £2,362) to Gregg Egen, £994 (2020: £994) to Michael Petley and £2,536 (2021: £2,536) to Alexander Jones.

These amounts have not been paid and are included within creditors in the financial statements.

19 Cash generated from/(absorbed by) operations

	2022	2021
	£	£
Loss for the year after tax	(614,034)	(3,553,505)
Adjustments for:		
Taxation charged	-	4,928
Finance costs	253,120	83,385
Investment income	-	(238)
Depreciation and impairment of tangible fixed assets	-	7,117
Other gains and losses	-	60
Movements in working capital:		
Decrease in debtors	68,749	495,577
Increase in creditors	548,672	2,183,881
Cash generated from/(absorbed by) operations	256,507	(778,795)

20 Analysis of changes in net debt

	1 January 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	3,654	3,387	7,041
Borrowings excluding overdrafts	(4,485,000)	-	(4,485,000)
	(4,481,346)	3,387	(4,477,959)