STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 DECEMBER 2017 FOR EP&F CAPITAL PLC

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EP&F CAPITAL PLC

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FOR THE YEAR ENDED 30 DECEMBER 2017

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COMPANY INFORMATION
FOR THE YEAR ENDED 30 DECEMBER 2017

DIRECTORS:	B F Edwards L O'Neill (Chairman)
SECRETARY:	L O'Neill
REGISTERED OFFICE:	Unit 2 Petersfield Business Park Bedford Road Petersfield Hampshire GU32 3QA
REGISTERED NUMBER:	05168024 (England and Wales)
AUDITORS:	Nexia Smith & Williamson 25 Moorgate London EC2R 6AY
BANKERS:	Lloyds Bank plc 39 Piccadilly London W1V OAA
SOLICITORS:	Memery Crystal 44 Southampton Buildings London WC2A 1AP

STRATEGIC REPORT
FOR THE YEAR ENDED 30 DECEMBER 2017

The directors present the strategic report for EP&F Capital Plc (the "Company") for the year ended 30 December 2017.

PRINCIPAL ACTIVITIES
The Company was established to acquire or invest in businesses, which were considered to have the potential for the generation of significant growth and profitability in the short and medium terms.

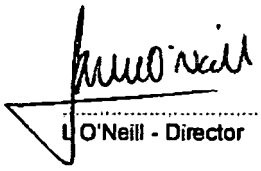
BUSINESS REVIEW
The Board of the Company has maintained a policy of buying and selling equity positions in quoted companies for short and medium term gains. This is supplemented by the approach of investing in smaller quoted or unquoted companies which are considered to have the potential for the generation of a more significant return in the medium to longer term. The Company's annual income is derived from the interest received from its investment in the Syntaxis Senior Secured Loan Facility, additional interest earned on its quoted bond holdings and profits realised on the sale of shares during the year.

The results for the year state a profit on ordinary activities of £2,865 (2016: £43,628).
During the year the Company applied for and was granted Small UK AIFM status by the Financial Conduct Authority. The board's intention is to build on this going forward by developing the business further.

The Company has invested in unlisted investments which, although more difficult to value, have progressed positively through the year. Such holdings are valued at fair value in the accounts or at cost less impairment where the fair value cannot be measured reliably.

The Company is exposed to equity price risk because of the equity positions it holds, notwithstanding the diversity of its holdings. It is also exposed to foreign currency risk and possible credit risk on the Senior Secured Loan Facility, as it is denominated in Euros. The board, in last year's report, stated an intention to achieve a demonstrable and consistent revenue stream. This continues to be the case in both this and ensuing years.

ON BEHALF OF THE BOARD:



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L O'Neill - Director

Date: 31/5/18

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 DECEMBER 2017

The directors present their report and the audited financial statements of EP&F Capital Plc (the "Company") for the year ended 30 December 2017.

RESULTS
The profit for the year, after taxation, amounted to £2,865 (2016: £43,628).

DIVIDENDS
The directors do not recommend the payment of a dividend (2016: £Nil).

DIRECTORS
The directors shown below have held office during the whole of the period from 31 December 2016 to the date of this report.

B F Edwards
L O'Neill

POST BALANCE SHEET EVENTS
There were no significant post balance sheet events.

FUTURE DEVELOPMENTS
The Board is looking to develop further the relationship and investment participation between the Company and Syntaxis.

RISKS
The Company's main risks are liquidity risk, foreign currency risk, credit risk and investments in small entities. For the Company's financial risk management objectives and policies please refer to note 19.

The Board ensures that prudent investment provides sufficient cash to meet working capital requirements.

The Board regularly reviews the credit rating and/or status of relevant counter parties.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS
The auditors, Nexia Smith & Williamson, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

L O'Neill - Director

Date: 31/5/18

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EP&F CAPITAL PLC

Opinion

We have audited the financial statements of EP&F Capital Plc (the 'company') for the year ended 30 December 2017 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position, Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 December 2017 and of its profit 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.

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.

Other information

The other information comprises the information included in the Strategic Report, Directors' Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 where 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 set out 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.

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

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

Nexia Smith & Williamson

Andrew Bond (Senior Statutory Auditor)
for and on behalf of
Nexia Smith & Williamson
25 Moorgate
London
EC2R 6AY

Date: 31/5/18

EP&F CAPITAL PLC

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 30 DECEMBER 2017

	Notes	2017 £	2016 £
TURNOVER		-	-
Administrative expenses		(121,911)	(109,250)
		(121,911)	(109,250)
Unrealised gain on net foreign exchange translation	4	23,920	57,464
Unrealised (loss) on revaluation of investments		(1,787)	(5,604)
OPERATING LOSS		(99,778)	(57,390)
Profit on disposal of investments	6	31,696	16,471
		(68,082)	(40,919)
Interest receivable and similar income	7	70,947	84,547
PROFIT BEFORE TAXATION	8	2,865	43,628
Tax on profit	9	-	-
PROFIT FOR THE FINANCIAL YEAR		2,865	43,628
Retained earnings at beginning of year		917,398	873,770
RETAINED EARNINGS AT END OF YEAR		920,263	917,398
Earnings per share expressed in pence per share:	10		
Basic		0.06p	0.93p
Diluted		0.06p	0.93p

The notes on pages 11 to 19 form part of these financial statements

STATEMENT OF FINANCIAL POSITION
30 DECEMBER 2017

	Notes	2017 £	2016 £
NON-CURRENT ASSETS			
Property, plant and equipment	11	-	-
Debtors due after more than one year	12	434,034	597,464
		434,034	597,464
CURRENT ASSETS			
Debtors	12	35,897	103,137
Investments	13	80,673	130,499
Cash at bank		626,441	348,500
		743,011	582,136
CREDITORS			
Amounts falling due within one year	14	(21,424)	(26,844)
NET CURRENT ASSETS		1,155,621	1,152,756
TOTAL ASSETS LESS CURRENT LIABILITIES		1,155,621	1,152,756
CAPITAL AND RESERVES			
Called up share capital	15	235,358	235,358
Retained earnings	16	920,263	917,398
SHAREHOLDERS' FUNDS		1,155,621	1,152,756

The financial statements were approved by the Board of Directors on 31st May 2018 and were signed on its behalf by:

L O'Neill - Director

EP&F CAPITAL PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 DECEMBER 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	(60,091)	(98,509)
Net cash used in operating activities		(60,091)	(98,509)
Cash flows from investing activities			
Interest received		70,947	84,547
Net cash generated from investing activities		70,947	84,547
Cash flows from financing activities			
Loan granted		187,350	(540,000)
Purchase of investments		-	(28,635)
Sale of investments		79,735	51,551
Net cash generated from financing activities		267,085	(517,084)
Increase/(decrease) in cash and cash equivalents		277,941	(531,046)
Cash and cash equivalents at beginning of year	2	348,500	879,546
Cash and cash equivalents at end of year	2	626,441	348,500

The notes on pages 11 to 19 form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 DECEMBER 2017

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017	2016
	£	£
Profit after taxation	2,865	43,628
Revaluation of investments	1,787	5,605
Foreign exchange gain	(23,920)	(57,464)
Gain on disposal of investments	(31,696)	(16,471)
Finance income	(70,947)	(84,547)
	(121,911)	(109,249)
Decrease/(increase) in trade and other debtors	67,240	(380)
(Decrease)/increase in trade and other creditors	(5,420)	11,120
Cash generated from operations	(60,091)	(98,509)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 30 December 2017

	30.12.17	30.12.16
	£	£
Cash and cash equivalents	626,441	348,500

Period ended 30 December 2016

	30.12.16	1.1.16
	£	£
Cash and cash equivalents	348,500	879,546

1. GENERAL INFORMATION

The Company is a public company limited by share capital incorporated in England and Wales.

The address of its registered office is:

Unit 2, Petersfield Business Park
Bedford Road
Petersfield
Hampshire
GU32 3QA

2. STATEMENT OF COMPLIANCE

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". There were no material departures from that standard.

In accordance with FRS102, the company has:
- provided comparative information; and
- applied the same accounting policies throughout all periods present.

3. ACCOUNTING POLICIES

Summary of significant accounting policies and key accounting estimates
The principal accounting policies applied in the preparation of theses financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
These financial statements have been prepared using the historical cost convention, except for the revaluation of investments which are held at fair value.

Turnover
Turnover represents the invoiced amounts of consulting and administrative services provided.

Property, plant and equipment
Property, plant and equipment is stated at cost less depreciation. Depreciation is provided to write off the cost less estimated residual value in equal instalments over the estimated economic lives of the assets. The estimated useful economic lives are as follows:

Computer hardware	3 years
Software	3 years

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax
Deferred taxation is provided in full on timing difference that result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extend that it is regarded as more likely than not that they will be recovered.

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3. ACCOUNTING POLICIES - continued

Financial instruments
Classification
The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Basic financial assets include the loan receivable, trade and other receivables, cash and bank balances. Basic financial liabilities include trade and other payables.

Recognition and measurement
Basic assets and liabilities are initially recognised at transaction price and then subsequently measured at amortised cost less impairment. Amortised cost is measured using the effective interest method applied to expected future cash flows over the life of the instrument. Financial assets forfeit recognition when the contractual rights to cash flows expire, are settled or are transferred and the transfer meets certain conditions. Financial liabilities forfeit recognition when the obligation is discharged, cancelled or expires, or when an exchange between an existing borrower and lender results in substantially different terms or a substantial modification.

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 and loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably, which are measured at cost less impairment.

Impairment
Impairment is assessed at each period end and any impairment loss is recognised in profit and loss.

Key sources of estimation uncertainty and judgements

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Financial instruments classification
The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

Key sources of estimation

Valuations
As set out in Note 19, estimates are inherent in some valuations. The valuation of the Syntaxis warrants described in Note 12 also requires estimation.

Bad debt provisions
A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

4. UNREALISED GAIN ON FOREIGN EXCHANGE TRANSLATION

	2017	2016
	£	£
Foreign exchange gain	23,920	57,464

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5. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Directors' remuneration	40,000	55,000

The average monthly number of employees, including the directors, during the year was 2 (2016: 2). They were both in management roles.

6. PROFIT ON DISPOSAL OF INVESTMENTS

	2017	2016
	£	£
Profit on disposal of investments	31,696	16,471

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017	2016
	£	£
Bank interest receivable	378	567
Other interest receivable	146	-
Loan interest	70,123	83,380
Current asset investment income	300	600
	70,947	84,547

8. PROFIT BEFORE TAXATION

The profit is stated after charging/(crediting):

	2017	2016
	£	£
Foreign exchange differences	(23,920)	(57,464)
Auditors' remuneration - audit services	7,900	8,700
Auditors' remuneration - non audit services	520	6,280

9. TAXATION

Analysis of the tax charge
No liability to UK corporation tax arose for the year ended 30 December 2017 nor for the period ended 30 December 2016.

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9. **TAXATION - continued**

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
Profit before tax	2,865	43,628
Profit multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	552	8,726
Effects of:		
Expenses not deductible for tax purposes	(5,738)	(2,093)
Income not taxable for tax purposes	(58)	-
Chargeable gains/(losses)	3,962	-
Rate change adjustment	150	6,430
Deferred tax not recognised	1,132	(13,063)
Total tax charge	-	-

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses amounting to £716,564 (2016: £707,740) and accelerated capital allowances as there is insufficient evidence that the potential asset will be recovered. The amount of the asset not recognised is £121,816 (2016: 120,582). A detailed review was performed as part of tax computation work on the comparatives for timing differences relating to tax losses and unrecognised deferred tax assets.

10. **EARNINGS PER SHARE**

The basic and diluted profit per share is calculated by dividing the profit attributable to ordinary shareholders of £2,865 (2016: £43,628 profit) by the weighted average number of shares in issue, 4,707,155 (2016: 4,707,155) during the period. The diluted earnings per share calculation is identical to that used for the basic earnings per share as the exercise of the warrants would have the effect of reducing the loss per ordinary share and is therefore not considered dilutive under the terms of IAS33 "Earnings per Share".

11. **TANGIBLE FIXED ASSETS**

	Computer equipment £
COST	
At 31 December 2016 and 30 December 2017	25,268
DEPRECIATION	
At 31 December 2016 and 30 December 2017	25,268
NET BOOK VALUE	
At 30 December 2017	-
At 30 December 2016	-

continued...

12. DEBTORS

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	35,685	102,677
Other debtors	-	80
Prepayments and accrued income	212	380
	35,897	103,137
Amounts falling due after more than one year:		
Other debtors	434,034	597,464
Aggregate amounts	469,931	700,601

Amounts falling due after more than one year

The balance relates to a loan of €700,000 made to Syntaxis Capital Limited ("Syntaxis"), maturing on 22 February 2021 and bearing interest at 12.5% per annum. On initial recognition the loan was translated at a rate of £1: €1.296, being the equivalent to £540,000. The increase in value is attributable to the depreciation in the value of sterling outweighed by the amount that Syntaxis has repaid in the year. During the year Syntaxis repaid €210,844 of the loan.

The loan is secured by a negative pledge from Syntaxis by way of a priority and/or first claim over any proceeds that the Syntaxis shareholders are entitled to through their co-investment in the Syntaxis Mezzanine Fund II. At the end of Quarter 4 2017 the € value of this collateral was estimated by Syntaxis to be 1.9 times the € amount borrowed.

In conjunction with the granting of the loan, the Company received 195 warrants with exercise price of €1. Each warrant gives the holder the right to acquire four ordinary shares and one preference share in Syntaxis. The warrants shall lapse upon Syntaxis successfully completing an exit event consisting of either a flotation or a sale of all or substantially all issued shares or assets to a third party. The warrants have been attributed a value of £Nil.

13. CURRENT ASSET INVESTMENTS

	2017	2016
	£	£
Listed investments	41,803	91,286
Unlisted investments	38,870	39,213
	80,673	130,499

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	604	3,352
Social security and other taxes	1,860	5,417
Other creditors	2,277	-
Directors' current accounts	617	335
Accruals and deferred income	16,066	17,740
	21,424	26,844

continued...

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
4,707,155	Ordinary shares of 5 pence	0.05	235,358	235,358

16. RESERVES

	Retained earnings £
At 31 December 2016	917,398
Profit for the year	2,865
At 30 December 2017	920,263

The retained earnings reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

17. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 December 2017 or at 30 December 2016.

18. CAPITAL COMMITMENTS

There were no capital commitments at 30 December 2017 or at 30 December 2016.

19. FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise bank balances, current asset investments, trade creditors and accruals, loan receivable and other debtors. The main purpose of these instruments is to raise funds and provide finance for the Company's operations.

Categorisation of financial instruments

The carrying value of financial assets and liabilities, measured at amortised cost, are detailed below:

	2017 £	2016 £
Trade debtors and other receivables	35,685	103,137
Loan receivable	434,034	597,464
Cash at bank	626,441	348,500
Trade and other payables	19,565	26,844
Current asset investments	38,870	39,213

The carrying value of financial assets, measured at fair value, are detailed below:

	2017 £	2016 £
Current asset investments	41,803	91,286

continued...

19. **FINANCIAL INSTRUMENTS - continued**

Financial assets held at fair value through profit and loss

FRS 102 requires a three level hierarchy disclosure for categorising financial assets and liabilities carried at fair value and requires enhanced disclosures about fair value measurement. The fair value hierarchy classifies financial assets and liabilities according to the source of inputs, ranked according to availability of observable market prices used in measuring fair value as follows:

- Level 1 - The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the assets of liability, either directly or indirectly.
- Level 3 - Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The categorisation of the investments within the hierarchy is based upon the pricing transparency of each investment and does not necessarily correspond to the director's perceived risk of the investment. The investments are classified within level 1 as they are valued using observable inputs from active market.

The following tables analyse the fair value hierarchy of the Company's investments measured at fair value.

At 30 December 2017

	Level 1	Total
	£	£
Investments designated at fair value through profit and loss	41,803	41,803

At 30 December 2016

Investments designated at fair value through profit and loss	91,286	91,286

Risks
The Company's operations expose it to a variety of financial risks that includes the effects of changes in credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of these risks. Given the size of the Company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department.

The principal risks facing the Company are a potential downturn in equities markets and credit risk on debt investments. However, in the directors' opinion and based on recent experience of the relevant markets, this is manageable risk.

Market risk
Market risk is generally comprised of price risk, interest rate risk and foreign exchange risk.

Equity price risk
The Company is exposed to equity price risk because of investments held by the group. To manage the price risk arising from these investments the Company diversifies its portfolio in accordance with limits set by the board of directors.

Interest rate risk
The Company does not pay interest on any of its financial liabilities; nor is it likely to in the future.

continued...

19. FINANCIAL INSTRUMENTS - continued

Foreign exchange risk
The Company is subject to foreign exchange risk and seeks to mitigate that risk through strict monitoring of all foreign currency assets, which comprise of current asset investments.

FRS 102 requires financial institutions to provide a sensitivity analysis for each type of market risk for which it is exposed. As there is no interest rate risk, a sensitivity analysis is not provided for this risk.

The Company has exposure to foreign currency rate risk, as it has a current asset investment denominated in Australian Dollars and a loan receivable denominated in Euros. A sensitivity analysis shows the effect of a 10% exchange rate rise on those assets denominated in foreign currencies at the year end would be to increase total equity and profit £41,953. Conversely, a 10% fall would result in a £51,276 decrease in total equity and profit.

Price risk
Price risk is the risk that one or more assets suffers a material reduction in value due to either market factors such as lower stock market valuation ratios or events specific to that asset such as a deterioration in the underlying firm's trading or cash position.

Credit risk
Trade and other debtors are managed in respect of credit and cash flow by policies concerning the credit offered to counter-parties and the regular monitoring of the amounts outstanding for both time and credit limits. A maturity analysis and carrying value of trade debtors and other receivables are given below:

	Less than 1 month past	1-3 months past	4-6 months past	More than 6 months past	Carrying amount 2017
	£	£	£	£	£
Other debtors	-	-	-	35,685	35,685
	-	-	-	35,685	35,685

Liquidity risk
The Company actively maintains all of its investments in cash and short term investments, thereby mitigating liquidity risk. In respect of bank balances, the liquidity risk is managed by maintaining continuity of funding and prompt collection of debts. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Cash flow risk
The Company maintains interest bearing assets, which include cash balances which earn interest at a fixed rate.

Managing capital
The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders.
The Company defines capital as being share capital plus reserves.

continued...

20. RELATED PARTY TRANSACTIONS

At the year-end a balance of £Nil (2016: £66,992) was due from Andes Energia plc of which, the former director, Nigel Duxbury is a director. No costs were recharged from the Company during the year (2016: £Nil). The Company also holds an investment in Andes Energia plc with a book value of £Nil (2016: £46,676).

Nigel Duxbury is a director of Andina plc in which the Company has an investment with a book value of £11,420 (2016: £11,763).

At the year-end a balance of £35,685 (2016: £35,685) was due from MediaZest plc of which Lance O'Neill is a director. No costs were recharged from the Company during the year (2016: £Nil). The Company also holds an investment in MediaZest plc with a book value of £17,877 (2016: £8,566).

Lance O'Neill is a director of Calix Limited in which the Company has an investment with a book value of £27,450 (2016: £27,450).

Benjamin Edwards is a partner of Syntaxis Capital LLP in which Syntaxis Capital Limited is also a partner, to whom the Company has granted a loan of €700,000 with a year-end carrying value of £434,034 (2016: £597,464) after Syntaxis repaid €210,844 of the €700,00 loan in September 2017. The Company also holds warrants in Syntaxis as disclosed in Note 12.