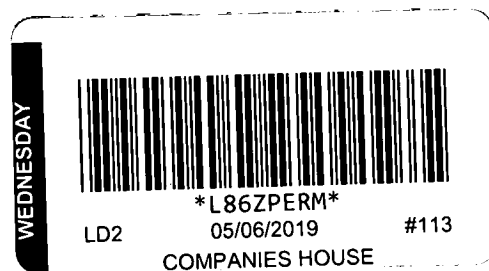


**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 DECEMBER 2018
FOR
EP&F CAPITAL PLC**



EP&F CAPITAL PLC

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 DECEMBER 2018**

	Page
Company Information	1
Strategic Report	2
Directors' Report	3
Report of the Independent Auditors	5
Statement of Income and Retained Earnings	7
Statement of Financial Position	8
Statement of Cash Flows	9
Notes to the Statement of Cash Flows	10
Notes to the Financial Statements	11

EP&F CAPITAL PLC

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 DECEMBER 2018**

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 0AA
SOLICITORS:	Memery Crystal LLP 165 Fleet Street London EC4A 2DY

EP&F CAPITAL PLC

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 DECEMBER 2018**

The directors present the Strategic Report for EP&F Capital Plc (the "Company") for the year ended 30 December 2018.

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 £130,083 (2017: £2,865).

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:


.....
L O'Neill - Director

Date: 3rd June 2019

EP&F CAPITAL PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 DECEMBER 2018

The directors present their report and the audited financial statements of EP&F Capital Plc (the "Company") for the year ended 30 December 2018.

RESULTS

The profit for the year, after taxation, amounted to £130,083 (2017: £2,865).

DIVIDENDS

The directors do not recommend the payment of a dividend (2017: £Nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 31 December 2017 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.

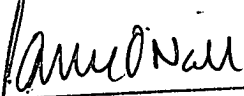
EP&F CAPITAL PLC

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 DECEMBER 2018

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: 3rd June 2019

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 2018 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 December 2018 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 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 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.

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

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.

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 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.

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.

Andrew Bond

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

Date: 3/6/19

EP&F CAPITAL PLC

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 30 DECEMBER 2018**

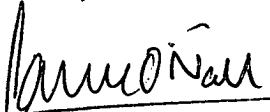
	Notes	2018 £	2017 £
TURNOVER		-	-
Administrative expenses		<u>(128,689)</u>	<u>(121,911)</u>
		(128,689)	(121,911)
Unrealised gain on net foreign exchange translation	4	6,415	23,920
Unrealised gain/(loss) on revaluation of investments		<u>196,841</u>	<u>(1,787)</u>
OPERATING PROFIT/(LOSS)		74,567	(99,778)
Profit on disposal of investments	6	<u>-</u>	<u>31,696</u>
		74,567	(68,082)
Interest receivable and similar income	7	<u>55,516</u>	<u>70,947</u>
PROFIT BEFORE TAXATION	8	130,083	2,865
Tax on profit	9	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		130,083	2,865
Retained earnings at beginning of year		<u>920,263</u>	<u>917,398</u>
RETAINED EARNINGS AT END OF YEAR		<u>1,050,346</u>	<u>920,263</u>
Earnings per share expressed in pence per share:			
Basic	10	2.76p	0.06p
Diluted		<u>2.76p</u>	<u>0.06p</u>

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
30 DECEMBER 2018

	Notes	2018 £	2017 £
NON-CURRENT ASSETS			
Property, plant and equipment	11	-	-
Debtors due after more than one year	12	<u>440,449</u>	<u>434,034</u>
		440,449	434,034
CURRENT ASSETS			
Debtors	12	36,378	35,897
Investments	13	307,322	80,673
Cash at bank		<u>529,791</u>	<u>626,441</u>
		873,491	743,011
CREDITORS			
Amounts falling due within one year	14	<u>(28,236)</u>	<u>(21,424)</u>
NET CURRENT ASSETS		<u>1,285,704</u>	<u>1,155,621</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,285,704</u>	<u>1,155,621</u>
CAPITAL AND RESERVES			
Called up share capital	15	235,358	235,358
Retained earnings	16	<u>1,050,346</u>	<u>920,263</u>
SHAREHOLDERS' FUNDS		<u>1,285,704</u>	<u>1,155,621</u>

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


 3rd June 2019
 L O'Neill - Director

EP&F CAPITAL PLC

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 DECEMBER 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash generated used in operations	1	<u>(122,358)</u>	<u>(60,091)</u>
Net cash used in operating activities		<u>(122,358)</u>	<u>(60,091)</u>
Cash flows from investing activities			
Purchase of investments		(29,808)	-
Interest received		<u>55,516</u>	<u>70,947</u>
Net cash generated from investing activities		<u>25,708</u>	<u>70,947</u>
Cash flows from financing activities			
Loan granted		-	187,350
Sale of investments		<u>-</u>	<u>79,735</u>
Net cash generated from financing activities		<u>-</u>	<u>267,085</u>
(Decrease)/increase in cash and cash equivalents		<u>(96,650)</u>	<u>277,941</u>
Cash and cash equivalents at beginning of year	2	<u>626,441</u>	<u>348,500</u>
Cash and cash equivalents at end of year	2	<u><u>529,791</u></u>	<u><u>626,441</u></u>

The notes form part of these financial statements

EP&F CAPITAL PLC

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 DECEMBER 2018**

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

	2018 £	2017 £
Profit before taxation	130,083	2,865
Revaluation of investments	(196,841)	1,787
Foreign exchange gain	(6,415)	(23,920)
Gain on disposal of investments	-	(31,696)
Finance income	(55,516)	(70,947)
	(128,689)	(121,911)
(Increase)/decrease in trade and other debtors	(481)	67,240
Increase/(decrease) in trade and other creditors	6,812	(5,420)
Cash generated used in operating activities	(122,358)	(60,091)

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 2018

	30.12.18 £	30.12.17 £
Cash and cash equivalents	<u>529,791</u>	<u>626,441</u>

Year ended 30 December 2017

	30.12.17 £	30.12.16 £
Cash and cash equivalents	<u>626,441</u>	<u>348,500</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 DECEMBER 2018**

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 these 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 extent that it is regarded as more likely than not that they will be recovered.

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 the Statement of Income, 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 the Statement of Income.

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

	2018	2017
	£	£
Foreign exchange gain	<u>6,415</u>	<u>23,920</u>

EP&F CAPITAL PLC

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 DECEMBER 2018**

5. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Directors' remuneration	<u>40,000</u>	<u>40,000</u>

The average monthly number of employees, including the directors, during the year was 1 (2017: 2). The employee was in a management role.

6. PROFIT ON DISPOSAL OF INVESTMENTS

	2018	2017
	£	£
Profit on disposal of investments	<u>-</u>	<u>31,696</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018	2017
	£	£
Bank interest received	338	378
Other interest received	-	146
Loan interest	53,721	70,123
Current assets investment income	<u>1,457</u>	<u>300</u>
	<u>55,516</u>	<u>70,947</u>

8. PROFIT BEFORE TAXATION

The profit is stated after charging/(crediting):

	2018	2017
	£	£
Foreign exchange differences	(6,415)	(23,920)
Auditors' remuneration - audit services	9,660	7,900
Auditors' remuneration - non audit services	<u>3,200</u>	<u>520</u>

Amounts noted above are net of VAT.

9. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 30 December 2018 nor for the year ended 30 December 2017.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 DECEMBER 2018
9. TAXATION - continued
Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £	2017 £
Profit before tax	<u>130,083</u>	<u>2,865</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	24,716	552
Effects of:		
Expenses not deductible for tax purposes	(37,563)	(5,738)
Income not taxable for tax purposes	-	(58)
Chargeable gains/(losses)	-	3,962
Rate change adjustment	1,353	150
Deferred tax not recognised	<u>11,494</u>	<u>1,132</u>
Total tax charge	<u>-</u>	<u>-</u>

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses amounting to £784,175 (2017: £716,564) and accelerated capital allowances as there is insufficient evidence that the potential asset will be recovered. The amount of the asset not recognised is £133,310 (2017: £121,816). 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 £130,083 (2017: £2,865) by the weighted average number of shares in issue, 4,707,155 (2017: 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. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £
COST	
At 31 December 2017	25,268
Disposals	<u>(25,268)</u>
At 30 December 2018	<u>-</u>
DEPRECIATION	
At 31 December 2017	25,268
Eliminated on disposal	<u>(25,268)</u>
At 30 December 2018	<u>-</u>
NET BOOK VALUE	
At 30 December 2018	<u>-</u>
At 30 December 2017	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 DECEMBER 2018

12. DEBTORS

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	35,685	35,685
Prepayments and accrued income	<u>693</u>	<u>212</u>
	<u>36,378</u>	<u>35,897</u>
Amounts falling due after more than one year:		
Other debtors	<u>440,449</u>	<u>434,034</u>
Aggregate amounts	<u>476,827</u>	<u>469,931</u>

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 €Nil (2017: €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 2018 the € value of this collateral was estimated by Syntaxis to be 1.9 times (2017: 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 (2017: £Nil)

13. INVESTMENTS

	2018 £	2017 £
Listed investments	295,902	41,803
Unlisted investments	<u>11,420</u>	<u>38,870</u>
	<u>307,322</u>	<u>80,673</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	9,881	604
Social security and other taxes	1,860	1,860
Other creditors	-	2,277
Directors' current accounts	758	617
Accruals and deferred income	<u>15,737</u>	<u>16,066</u>
	<u>28,236</u>	<u>21,424</u>

EP&F CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 30 DECEMBER 2018

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2018	2017
Number:	Class:		£	£
4,707,155	Ordinary shares of 5 pence	0.05	<u>235,358</u>	<u>235,358</u>

16. RESERVES

	Retained earnings £
At 31 December 2017	920,263
Profit for the year	<u>130,083</u>
At 30 December 2018	<u>1,050,346</u>

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 2018 or at 30 December 2017.

18. CAPITAL COMMITMENTS

There were no capital commitments at 30 December 2018 or at 30 December 2017.

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:

	2018 £	2017 £
Trade debtors and other receivables	35,685	35,685
Loan receivable	440,449	434,034
Cash at bank	529,791	626,441
Trade and other payables	26,376	19,565
Current asset investments	<u>11,420</u>	<u>38,870</u>

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

	2018 £	2017 £
Current asset investments	<u>295,902</u>	<u>41,803</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 DECEMBER 2018

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 or 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 2018

	Level 1 £	Total £
Investments designated at fair value through profit and loss	295,902	295,902

At 30 December 2017

Investments designated at fair value through profit and loss	41,803	41,803
--	--------	--------

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 outsourced accountancy practices under directions from the directors.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 DECEMBER 2018

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 £61,148. Conversely, a 10% fall would result in a £74,737 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 2018
	£	£	£	£	£
Syntaxis loan	-	-	-	440,449	440,449
Other debtors	-	-	-	35,685	35,685
	<u>-</u>	<u>-</u>	<u>-</u>	<u>476,134</u>	<u>476,134</u>

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.

20. RELATED PARTY TRANSACTIONS

At the year-end a balance of £35,685 (2017: £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 (2017: £Nil). The Company also holds an investment in MediaZest plc with a market value of £5,959 (2017: £17,877).

Lance O'Neill is a director of Calix Limited in which the Company has an investment with a market value of £233,888 (2017: £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 £440,449 (2017: £434,034) after Syntaxis repaid €210,844 of the €700,000 loan in September 2017. The Company also holds warrants in Syntaxis as disclosed in Note 12.