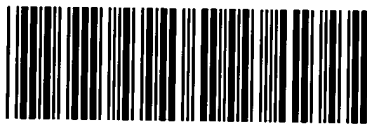


Company registration number 05168024 (England and Wales)

EP&F CAPITAL PLC
ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 30 DECEMBER 2022

TUESDAY



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EP&F CAPITAL PLC

COMPANY INFORMATION

Directors	Mr L O'Neill (Chairman) Mr B F Edwards
Secretary	Mr L O'Neill
Company number	05168024
Registered office	Unit 2 Petersfield Business Park Bedford Road Petersfield Hampshire England GU32 3QA
Auditor	CLA Evelyn Partners Limited Onslow House Onslow Street Guildford GU1 4TL
Bankers	Lloyds Bank Plc 39 Piccadilly London W1J 0AA
Solicitors	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF

EP&F CAPITAL PLC

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EP&F CAPITAL PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 DECEMBER 2022

The directors present the strategic report for EP&F Capital Plc (the "Company") for the year ended 30 December 2022.

Principal activities

The Company was established to acquire and/or to invest in businesses and companies that were considered to have the potential to generate both significant growth and profitability in the short, medium and long term.

Business review

The Board of the Company has implemented its strategy by maintaining a policy of buying and selling equity positions in quoted companies for short, medium and long-term gains. This has been supplemented by the strategy 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. Good examples of this are the returns made on a cyber security share investment along with the performance of an Australian renewable energy entity; a growing international company which has developed a patented technology to provide industrial solutions that address global sustainability challenges by developing environmentally friendly solutions to advanced batteries, crop protection, aquaculture, wastewater and carbon reduction.

The income and revenue earned by the Company was generated from its quoted bond holdings and profits realised on the purchase and sale of shares during the year.

The Company has also invested in unlisted investments which, although more difficult to value, have progressed positively through the year.

Performance

The directors consider net assets value per share (NAV per share) to be the key measure of the Company's performance. In 2022, the Company's NAV per share was 51.6 pence/share (2021: 64.61 pence/share).

The NAV of the Company has decreased in value because of the overall decrease in the value of the share portfolio, which is a reflection of adverse market conditions that afflicted global indices throughout the year ending 30 December 2022. Geopolitical unrest as well as high inflation and the consequent monetary policy response have resulted in a general and sustained decline in asset valuations. Whilst the Company's NAV has decreased it is salient to note that the Company also holds investments in a number of private companies. Returns for these type of investments tend to be less sensitive to changes in market sentiment. These investments are held on the balance sheet at cost, and as such, the Company would hope to benefit from an uplift in valuation upon realisation.

Principal risks and uncertainties

The Company's main risks are liquidity risk, foreign currency risk, credit risk and investments in small entities. For the Company's financial risks management objective and policies please refer to note 11.

The Board ensures that prudent investment and cost control provide sufficient cash to meet working capital requirements. Furthermore, it regularly reviews the credit rating and/or status of relevant counter parties.

Future developments

The Board is looking to continue trading the Company's portfolio in the public markets whilst also looking to deploy capital in private transactions where investments can be made at attractive valuations and have notable upside potential.

EP&F CAPITAL PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

SECTION 172 STATEMENT

It is the directors' duty to promote and categorise the development and achievements of the Company for the benefit of its shareholders as a whole to the extent that this is demonstrable. There needs to be a balance between members of the Company and its extraneous wider relationships. In the context of discharging their duties, the directors of EP&F Capital Plc give careful consideration to the factors itemised below:

A. Decision making:

This is undertaken with an emphasis on the generation of longer-term investment value within the business complemented by shorter term trading positions designed to generate and enhance liquidity. Such decisions in the year have been exemplified by the Company's ability to shore up its balance sheet during adverse market conditions through the realisation in part of its investment in Calix Ltd. This has enabled the Company to maintain a strong cash position whilst continue to make investments that are intended to yield long-term value such as an investment in an unlisted renewable energy business. The board are satisfied that they are utilising funds adequately and that the investment strategy is one of balance between the targeting of shorter-term gains to maintain the going concern status of the business, along with the objective of achieving longer term investment value for the Company. The Company's performance is reviewed by the directors on a regular basis through financial reporting, investment analysis and valuation, cash flow projections and periodic corporate reviews.

Budgets take place on an annual basis along with short term quarterly forecasts to ensure that financial and ancillary targets are met. This is undertaken so that the directors can be satisfied that the Company's business strategy remains achievable.

The Company has not paid a dividend since inception as well as subsequent to its de-listing from AIM some years ago. There exists one class of ordinary shares alone. This decision was made in the context of the existence of a large number of very small shareholders along with the administrative time and costs associated with the potential payment by way of dividends of very small amounts of money to 1,147 shareholders who held in total 4,707,155 shares collectively. The board took the view that it was not in the best interests of the Company as a whole to pay dividends at this stage until such time as the Company's financial results justified this.

B. Employees:

The only employee is one of the directors, along with a bookkeeper who was self-employed and engaged to provide financial and administrative services to the Company but no additional measures are taken to canvas their opinion as they are fully aware of the business operations and its future trajectory.

C. Customers and Suppliers:

The majority of commercial arrangements with suppliers are built on long time associations. This will range from Accountancy firms, financial advisors to Stockbrokers, lawyers, custodians and Share Registrars. All such parties are integral to the Company's business activities. The Board is responsible for obtaining fee estimates and quotations in advance, along with procurement and regular communication with customers and suppliers. It fulfils the additional role of paying suppliers in a timely manner.

D. Impact of the Company's operations on the community and the environment:

Given the size of the Company and the degree of its economic and environmental impact the effect thereon is not insignificant given that the aforementioned Australian company, that EP&F has a material interest in, is very much considered to be a successful ESG "play" whereby the Company has developed a number of technologies with the purpose of reducing carbon emissions for certain industries.

EP&F CAPITAL PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

E. Desirability of the Company maintaining a reputation for high standards of business conduct:

Emphasis is placed upon the experience and employment background of the Board and its associates who maintain high standards of business conduct.

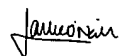
The Board is looking to both maintain and develop further the relationship and investment participation between the Company and its largest shareholder Syntaxis Capital Ltd.

F. The need to act fairly as between members of the company:

The main challenge to act fairly between members is to balance the wishes of those shareholders who want to divest their shareholdings in the Company with other shareholders who may wish to continue to hold shares for the longer term. As an unquoted public company, EP&F Capital has an uncommon capital structure which does not, at present, facilitate the trading of EP&F shares. Given the desire of many shareholders for a facility to do so the board is examining the possibility of applying for a "Matched Bargain" facility whereby shareholders would be able to bid for or to offer shares in EP&F Capital through a regulated Broker/Market maker. Further assessment of the practicality of this process will be evaluated and shareholder feedback will be sought where appropriate.

Communication takes place on a regular basis, in house, as both directors have invested money in meaningful share stakes in the company. The AGM provides an opportunity for shareholders to put forward their views, whilst additional communication has taken place with a number of shareholders in the past, the majority of which account for very small shareholdings.

On behalf of the board



Mr L O'Neill (Chairman)

Director

15/06/2023

Date:

EP&F CAPITAL PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 DECEMBER 2022

The directors present their annual report and the audited financial statements of EP&F Capital Plc (the "Company") for the year ended 30 December 2022.

Results and dividends

The results for the year state a loss on ordinary activities before taxation of £459,729 (2021 profit: £1,675,289).

The directors do not recommend the payment of a dividend (2021: £Nil).

Business relationships

Directors have an implicit responsibility for fostering commercial relationships with suppliers, customers, and potential clients. The effect of that regard is expected to have an influence over principal decisions taken during the pertinent financial years.

Directors

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

Mr L O'Neill (Chairman)

Mr B F Edwards

Auditor

In accordance with the company's articles, a resolution proposing that CLA Evelyn Partners Limited be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

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.

Statement of disclosure to auditor

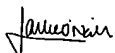
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to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

EP&F CAPITAL PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

On behalf of the board



.....
Mr L O'Neill (Chairman)

Director

15/06/2023
Date:

EP&F CAPITAL PLC

INDEPENDENT AUDITOR'S REPORT

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 2022 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the 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 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 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.

Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Strategic Report, the 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.

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 has been prepared in accordance with applicable legal requirements.

EP&F CAPITAL PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EP&F CAPITAL PLC

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 Director's Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, 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:

In the context of the audit, we considered those laws and regulations which determine the form and content of the Financial Statements and which are central to the Company's ability to conduct its business and where failure to comply could result in material penalties. The Company must abide by the Companies Act 2006 and FRS102 in respect of the preparation and presentation of the Financial Statements. Aside from this, we did not identify any specific laws and regulations as being of significance in the context of the Company.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's Financial Statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- manipulation of the Financial Statements via fraudulent journal entries,
- manipulation of the carrying value of financial assets.

The procedures we carried out to gain evidence in the above areas included:

- substantive work to corroborate the accuracy of the carrying value of financial assets,
- testing of manual journal entries, focusing particularly on postings to unexpected or unusual accounts or unauthorised personnel.

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.

EP&F CAPITAL PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF EP&F CAPITAL PLC

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's members as a body, for our audit work, for this report, or for the opinions we have formed.



Peter Key (Senior Statutory Auditor)
For and on behalf of CLA Evelyn Partners Limited

15/06/2023

Date:

Chartered Accountants
Statutory Auditor

Onslow House
Onslow Street
Guildford
GU1 4TL

EP&F CAPITAL PLC

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 30 DECEMBER 2022

		2022	2021
	Notes	£	£
Administrative expenses		(234,056)	(101,615)
Other operating income		2,125	46,085
Operating loss	2	(231,931)	(55,530)
Interest payable and similar expenses	7	(13)	(10)
(Loss)/Gain on investments	8	(227,785)	1,563,293
(Loss)/profit before taxation		(459,729)	1,507,753
Tax to be recognised on (loss)/profit	9	(148,516)	167,536
(Loss)/profit for the financial year		(608,245)	1,675,289
Retained earnings brought forward		2,806,086	1,130,797
Retained earnings carried forward		2,197,841	2,806,086

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

EP&F CAPITAL PLC

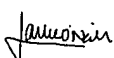
BALANCE SHEET

AS AT 30 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Intangible assets	10		3,667		2,500
Current assets					
Debtors	12	86,275		209,669	
Investments	13	846,181		1,909,701	
Cash at bank and in hand		1,665,198		956,707	
		<u>2,597,654</u>		<u>3,076,077</u>	
Creditors: amounts falling due within one year	14	<u>(168,122)</u>		<u>(37,133)</u>	
Net current assets			<u>2,429,532</u>		<u>3,038,944</u>
Net assets			<u>2,433,199</u>		<u>3,041,444</u>
Capital and reserves					
Called up share capital	16	235,358		235,358	
Profit and loss reserves	17	2,197,841		2,806,086	
Total equity			<u>2,433,199</u>		<u>3,041,444</u>

15/06/2023

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



Mr L O'Neill (Chairman)
Director

Company Registration No. 05168024

EP&F CAPITAL PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash used in operations	19		(101,356)		(104,689)
Foreign exchange loss			(20,878)		-
Interest paid			(13)		(10)
Net cash used in operating activities			(122,247)		(104,699)
Cash flows from investing activities					
Purchase of intangible assets		(3,000)		(2,500)	
Purchase of investments		(27,710)		(75,228)	
Proceeds from disposal of investments		884,323		250,022	
Loans made to other entities		(25,000)		-	
Repayment of loans		-		418,018	
Interest received		2,125		46,085	
Net cash from investing activities			830,738		636,397
Net increase in cash and cash equivalents			708,491		531,698
Cash and cash equivalents at beginning of year			956,707		425,009
Cash and cash equivalents at end of year			1,665,198		956,707

Notes 19 and 20 form part of these financial statements.

EP&F CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 DECEMBER 2022

1 Accounting policies

Company information

EP&F Capital Plc is a private company limited by shares incorporated in England and Wales. The registered office is Unit 2 Petersfield Business Park, Bedford Road, Petersfield, Hampshire, England, GU32 3QA.

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, except for the revaluation of listed investments which are held at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have considered the financial position of the Company. At the year end, the Company held £1,665,198 in cash and £728,669 in listed securities. The Company produces monthly cash flow projections and assesses its potential business activities over the upcoming twelve months in order to identify its future requirement for liquidity. The board believes the Company has sufficient liquid resources and revenue to defray projected expenditure and to maintain the business over the year ahead. The decision has been taken to prepare accounts on the going concern basis as the Company is expected to continue for the foreseeable future.

1.3 Intangible fixed assets other than goodwill

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Website development is being amortised evenly over its estimated useful life of 3 years.

1.4 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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.

EP&F CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

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.

EP&F CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

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 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.

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.

1.7 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 Operating loss

	2022	2021
	£	£
Operating loss for the year is stated after charging:		
Exchange losses	20,878	27,716
Amortisation of intangible assets	1,833	-
	<u>22,711</u>	<u>27,716</u>

EP&F CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

3 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	20,150	18,180
	<u> </u>	<u> </u>
For other services		
All other non-audit services	4,165	5,226
	<u> </u>	<u> </u>

4 Employees

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

	2022	2021
	Number	Number
	1	1
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	40,000	40,000
Social security costs	4,417	4,300
	<u> </u>	<u> </u>
	44,417	44,300
	<u> </u>	<u> </u>

5 Directors' remuneration

	2022	2021
	£	£
Remuneration for qualifying services	40,000	40,000
	<u> </u>	<u> </u>

6 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on loans	551	45,565
	<u> </u>	<u> </u>

EP&F CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

7 Interest payable and similar expenses

	2022	2021
	£	£
Other finance costs:		
Other interest	13	10
	<u> </u>	<u> </u>

8 Gains/(losses) on current asset investments

	2022	2021
	£	£
Unrealised gains/(losses) on investments		
Unrealised (loss)/gain on revaluation of investments	(277,096)	1,352,869
Unrealised loss on net foreign exchange translation	(20,878)	(27,716)
	<u> </u>	<u> </u>
	(297,974)	1,325,153
Other gains		
Profit on disposal of investments	70,189	238,140
	<u> </u>	<u> </u>
	(227,785)	1,563,293
	<u> </u>	<u> </u>

9 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	148,516	(167,536)
	<u> </u>	<u> </u>

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

	2022	2021
	£	£
(Loss)/profit before taxation	(459,729)	1,507,753
	<u> </u>	<u> </u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(87,349)	286,473
Tax effect of expenses that are not deductible in determining taxable profit	62,102	(301,052)
Deferred tax adjustments in respect of prior years	(7,875)	(156,857)
Chargeable gains	144,275	44,109
Rate change adjustment - deferred tax	37,534	(40,209)
Fixed asset differences	(171)	-
	<u> </u>	<u> </u>
Taxation charge/(credit) for the year	148,516	(167,536)
	<u> </u>	<u> </u>

EP&F CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

9 Taxation

(Continued)

A deferred tax asset has been recognised in respect of timing differences relating to tax losses and accelerated capital allowances. A detailed review was performed as part of tax computation work on the comparatives for timing differences relating to tax losses and deferred tax assets.

Factors effecting future tax changes

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

10 Intangible fixed assets

	Website development £
Cost	
At 31 December 2021	2,500
Additions	3,000
	<hr/>
At 30 December 2022	5,500
	<hr/>
Amortisation and impairment	
At 31 December 2021	-
Amortisation charged for the year	1,833
	<hr/>
At 30 December 2022	1,833
	<hr/>
Carrying amount	
At 30 December 2022	3,667
	<hr/>
At 30 December 2021	2,500
	<hr/>

11 Financial instruments

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

EP&F CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

11 Financial instruments

(Continued)

Categorisation of financial instruments

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

	2022	2021
	£	£
Other debtors	41,584	41,509
Cash at bank	1,665,198	956,707
Trade and other payables	168,122	31,543
Current assets investments	117,512	89,802
Loan receivable due after one year	25,000	-

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

Current assets investments	728,669	1,819,899
----------------------------	---------	-----------

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 2022	Level 1	Total
	£	£
Investments designated at fair value through profit and loss	728,669	728,669
At 30 December 2021		
Investments designated at fair value through profit and loss	1,819,899	1,819,899

EP&F CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

11 Financial instruments

(Continued)

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 director.

The principal risks facing the Company have been identified below in the subsequent paragraphs.

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.

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.

Interest rate risk

The Company does not pay interest on any of its financial liabilities and earns a fixed rate of return on its loan receivable.

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.

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 2022
	£	£	£	£	£
Other debtors	2,899	-	-	38,685	41,584
	<u>2,899</u>	<u>-</u>	<u>-</u>	<u>38,685</u>	<u>41,584</u>

EP&F CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

11 Financial instruments

(Continued)

Liquidity risk

The Company actively maintains cash reserves to fund its overhead requirements for multiple years. 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.

12 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Other debtors	41,584	41,509
Prepayments and accrued income	671	624
	<u>42,255</u>	<u>42,133</u>
Deferred tax asset (note 15)	19,020	167,536
	<u>61,275</u>	<u>209,669</u>
	2022	2021
	£	£
Amounts falling due after more than one year:		
Other debtors	25,000	-
	<u>25,000</u>	<u>-</u>
Total debtors	<u>86,275</u>	<u>209,669</u>

Amounts falling due after more than one year

The balance relates to an unsecured loan of £25,000 made to Crossword Cybersecurity Plc, maturing in 2025 and bearing interest at 12% per annum. In addition to granting the loan, the Company was granted warrants which give the holder the right to acquire shares with a value at the date on which the loan agreement was signed of up to 10% of the principal amount of the loan agreement. The warrants shall lapse upon the repayment of the principal. The directors review the fair value of the warrants at each year end and having completed their assessment attribute £nil value to the warrants on the basis that their fair value is immaterial to the financial statements.

EP&F CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

13 Current asset investments

	2022 £	2021 £
Listed investments	728,669	1,819,899
Unlisted investments	117,512	89,802
	<u>846,181</u>	<u>1,909,701</u>

14 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	107,343	850
Taxation and social security	-	5,590
Other creditors	19,450	1,316
Accruals and deferred income	41,329	29,377
	<u>168,122</u>	<u>37,133</u>

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2022 £	Assets 2021 £
Balances:		
Tax losses	<u>19,020</u>	<u>167,536</u>
Movements in the year:		2022 £
Asset at 31 December 2021		(167,536)
Charge to profit or loss		148,516
Asset at 30 December 2022		<u>(19,020)</u>

16 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary share of 5p each	<u>4,707,155</u>	<u>4,707,155</u>	<u>235,358</u>	<u>235,358</u>

EP&F CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

17 Profit and loss reserves

	2022 £	2021 £
At the beginning of the year	2,806,086	1,130,797
(Loss)/profit for the year	(608,245)	1,675,289
At the end of the year	2,197,841	2,806,086

18 Related party transactions

At the year-end the Company owed £1,316 to a director (2021: £1,316). This loan incurs no interest and is repayable on demand.

Included within Other creditors is a balance of £8,134 (2021: £nil) owed to a director in respect of unpaid remuneration. The balance was repaid after the year end.

Included within Other creditors is a balance of £10,000 (2021: £nil) owed to a company under the joint control of one of the directors.

Included within Other Debtors is an amount of £3,000 (2021: £nil) advanced to a company under the controls of one of the directors. The advance is interest free and repayable on demand.

19 Cash used in operations

	2022 £	2021 £
(Loss)/profit for the year after tax	(608,245)	1,675,289
Adjustments for:		
Taxation charged/(credited)	148,516	(167,536)
Finance costs	13	10
Finance income	(2,125)	(46,085)
Amortisation of intangible assets	1,833	-
Foreign exchange loss	20,878	27,716
Gain on disposal of investments	(70,189)	(238,140)
Revaluation of investments	277,096	(1,352,869)
Movements in working capital:		
Increase in debtors	(122)	(5,754)
Increase in creditors	130,989	2,680
Cash absorbed by operations	(101,356)	(104,689)

EP&F CAPITAL PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 DECEMBER 2022

20 Analysis of changes in net debt

	2022
	£
Opening net funds	
Cash at bank and in hand	956,707
Changes in net debt arising from:	
Cash flows of the entity	708,491
	<hr/>
Closing net funds as analysed below	1,665,198
	<hr/>
Closing net funds	
Cash at bank and in hand	1,665,198
	<hr/>

EP&F CAPITAL PLC

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 DECEMBER 2022

	2022	2021
	£	£
Other income		
Current asset investment income	1,574	520
Loan interest	551	45,565
	<u>2,125</u>	<u>46,085</u>
Administrative expenses	<u>(234,056)</u>	<u>(101,615)</u>
Operating loss	<u>(231,931)</u>	<u>(55,530)</u>
Interest payable and similar expenses		
Interest on overdue taxation	(13)	(10)
Other gains and losses		
Foreign exchange loss	(20,878)	(27,716)
Profit on disposal of investments	70,189	238,140
Unrealised (loss)/gain on revaluation of investments	<u>(277,096)</u>	<u>1,352,869</u>
	<u>(227,785)</u>	<u>1,563,293</u>
(Loss)/profit before taxation	<u><u>(459,729)</u></u>	<u><u>1,507,753</u></u>

EP&F CAPITAL PLC

SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 DECEMBER 2022

	2022	2021
	£	£
Administrative expenses		
Directors' remuneration	40,000	40,000
Directors' social security costs	4,417	4,300
Fines and penalties	-	750
Project costs	119,931	-
Legal and professional fees	18,571	14,017
Accountancy	17,940	13,503
Audit fees	20,150	18,180
Bank charges	1,120	1,372
Printing and stationery	5,148	4,224
Storage costs	4,574	4,359
Telecommunications	372	910
Amortisation	1,833	-
	<u>234,056</u>	<u>101,615</u>