# STRATEGIC REPORT, DIRECTORS' REPORT AND

# FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 30 DECEMBER 2020

# FOR

# EP&F CAPITAL PLC

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 DECEMBER 2020

## COMPANY INFORMATION
## FOR THE YEAR ENDED 30 DECEMBER 2020

| | |
|---|---|
| **DIRECTORS:** | B F Edwards<br>L O'Neill (Chairman) |
| **SECRETARY:** | L O'Neill |
| **REGISTERED OFFICE:** | Unit 2 Petersfield Business Park<br>Bedford Road<br>Petersfield<br>Hampshire<br>GU32 3QA |
| **REGISTERED NUMBER:** | 05168024 (England and Wales) |
| **AUDITORS:** | Nexia Smith & Williamson<br>25 Moorgate<br>London<br>EC2R 6AY |
| **BANKERS:** | Lloyds Bank plc<br>39 Piccadilly<br>London<br>W1V OAA |
| **SOLICITORS:** | Memery Crystal LLP<br>165 Fleet Street<br>London<br>EC4A 2DY |

## STRATEGIC REPORT
## FOR THE YEAR ENDED 30 DECEMBER 2020

The directors present the strategic report for EP&F Capital Plc (the "Company") for the year ended 30 December 2020.

### 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. In addition, the provision of certain short-term loans to a very small number of credit worthy private equity investment funds was undertaken. This overall strategy has been in place for several years and continues to be so.

### 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 longer-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 for advanced batteries, crop protection, aquaculture, wastewater and carbon reduction.

The Company earns an annual income which is derived from the interest received from its investment in the Syntaxis Senior Secured Loan Facility. Additional income and revenue are generated from its quoted bond holdings and trading profits realised on the purchase and sale of shares during the year.

The results for the year state a profit on ordinary activities of £107,722 (2019: £27,271 loss).

The directors consider net assets value per share (NAV per share) to be the key measure of the Company's performance. In 2020, the Company's NAV per share was 29.02 pence/share (2019: 26.73 pence/share).

The NAV of the Company has increased in value because of the overall increase in value of the share portfolio and in particular the significant uplift in value of the Australian company referred to in the aforementioned narrative. This represents that the Balance Sheet has strengthened over the course of the year ending on 30 December 2020.

The Company has invested in unlisted investments which, although more difficult to value, have progressed positively through the year. The Board anticipates liquidity events in at least one of these holdings during the year ending 30 December 2021. Such holdings are valued at fair value in the accounts or at cost less impairment where the fair value cannot be measured.

**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. The FRC's Guidance on the Strategic Report illustrates practical considerations when addressing s172 components. The board has a responsibility to act in a way that it considers to be in good faith in furtherance of promoting the success of the Company for the benefit of its members as a whole. In the context of discharging their duties, 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 during the year are exemplified by the extension of the Syntaxis loan, the capital and interest return received thereon, and the maintenance of the significant investment in Calix Ltd. which has performed strongly. 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 some 1,159 shareholders who held in total some 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 until such time as the Company's financial results justified this.

B. Employees:

The only employees are the directors who are also shareholders and are not subject to the same employment rights as standard employees. Therefore, their interests as employees are intertwined with their interests as members of the Company. As a result, the main point is to consider that the employees are safe and are able to continue to work safely during the COVID pandemic 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 largely insignificant.

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 and this is demonstrated by the regulation of key employees and suppliers by the FCA.

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 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 this process needs to take place and shareholder feed-back 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. Some other private shareholders have more meaningful holdings and there has been periodic discourse between them and Board members over several years.

ON BEHALF OF THE BOARD:

........................................................................
L O'Neill - Director

Date: 04 June 2021

## DIRECTORS' REPORT
## FOR THE YEAR ENDED 30 DECEMBER 2020

The directors present their report and the audited financial statements of EP&F Capital Plc (the "Company") for the year ended 30 December 2020.

### RESULTS
The profit for the year, after taxation, amounted to £107,722 (2019: £27,271 loss).

### DIVIDENDS
The directors do not recommend the payment of a dividend (2019: £Nil).

### DIRECTORS
The directors shown below have held office during the whole of the period from 31 December 2019 to the date of this report.

B F Edwards
L O'Neill

### FUTURE DEVELOPMENTS
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.

### 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 year.

### 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 16.

The Board ensures that prudent investment and cost control 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;
- 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:**

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L O'Neill - Director

Date: 4.6.21

## Opinion

We have audited the Financial Statements of EP&F Capital Plc (the 'Company') for the year ended 30 December 2020 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, 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 2020 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

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, 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 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 has 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 and the Directors' Report.

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

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

**Responsibilities of Directors**

As explained more fully in the Directors' responsibilities statement set out on page 5, 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.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- we enquired with the Company's management as to the existence of litigation and no material items were identified;
- we have reviewed legal correspondence throughout the year, and nothing has come to light in respect of non-compliance
- we obtained written management representations regarding disclosure of any non-compliance with laws and regulations.

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, especially income, via fraudulent journal entries;
- identifying and testing related party transactions.

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

- substantive work on material areas affecting profits and documentation of related party transactions;
- testing of manual journal entries, focusing particularly on postings to unexpected or unusual accounts or unauthorised personnel.

Overall, the senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities.

A further description of our responsibilities is available 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson

Peter Key
Senior Statutory Auditor, for and on behalf of

**Nexia Smith & Williamson**
Statutory Auditor
Chartered Accountants
25 Moorgate
London
EC2R 6AY

Date: 04 June 2021

## STATEMENT OF INCOME AND RETAINED EARNINGS
## FOR THE YEAR ENDED 30 DECEMBER 2020

| | Notes | 2020<br>£ | 2019<br>£ |
|---|---|---|---|
| **TURNOVER** | | - | - |
| Administrative expenses | | (105,849) | (99,535) |
| | | (105,849) | (99,535) |
| Unrealised gain/(loss) on net foreign exchange translation | 4 | 24,196 | (24,677) |
| Unrealised gain on revaluation of investments | | 100,899 | 20,915 |
| Profit on disposal of investments | 6 | 32,750 | 16,544 |
| **OPERATING PROFIT/(LOSS)** | | 51,996 | (86,753) |
| Interest receivable and similar income | 7 | 55,726 | 59,482 |
| **PROFIT/(LOSS) BEFORE TAXATION** | 8 | 107,722 | (27,271) |
| Tax on profit/(loss) | 9 | - | - |
| **PROFIT/(LOSS) FOR THE FINANCIAL YEAR** | | 107,722 | (27,271) |
| Retained earnings at beginning of year | | 1,023,075 | 1,050,346 |
| **RETAINED EARNINGS AT END OF YEAR** | | 1,130,797 | 1,023,075 |

The notes form part of these financial statements

EP&F CAPITAL PLC (REGISTERED NUMBER: 05168024)

## STATEMENT OF FINANCIAL POSITION
## 30 DECEMBER 2020

| | Notes | 2020 £ | 2019 £ |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Debtors due after more than one year | 11 | 439,968 | 415,772 |
| | | 439,968 | 415,772 |
| **CURRENT ASSETS** | | | |
| Debtors | 11 | 36,379 | 36,654 |
| Investments | 12 | 499,252 | 358,214 |
| Cash at bank | | 425,009 | 481,660 |
| | | 960,640 | 876,528 |
| **CREDITORS** | | | |
| Amounts falling due within one year | 13 | (34,453) | (33,867) |
| **NET CURRENT ASSETS** | | 1,366,155 | 1,258,433 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 1,366,155 | 1,258,433 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | 14 | 235,358 | 235,358 |
| Retained earnings | 15 | 1,130,797 | 1,023,075 |
| **SHAREHOLDERS' FUNDS** | | 1,366,155 | 1,258,433 |

The financial statements were approved by the Board of Directors and authorised for issue on .......04 June 2021............. and were signed on its behalf by:

.......................................................................

L O'Neill - Director

The notes form part of these financial statements

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 DECEMBER 2020

| | Notes | 2020<br>£ | 2019<br>£ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 1 | (104,988) | (94,180) |
| Net cash from operating activities | | (104,988) | (94,180) |
| **Cash flows used in investing activities** | | | |
| Purchase of investments | | (140,141) | (29,977) |
| Sale of investments | | 132,752 | 16,544 |
| Interest received | | 55,726 | 59,482 |
| Net cash used in investing activities | | 48,337 | 46,049 |
| **Decrease in cash and cash equivalents** | | (56,651) | (48,131) |
| **Cash and cash equivalents at beginning of year** | 2 | 481,660 | 529,791 |
| **Cash and cash equivalents at end of year** | 3 | 425,009 | 481,660 |

The notes form part of these financial statements

## NOTES TO THE STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 DECEMBER 2020

### 1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Profit/(loss) before taxation | 107,722 | (27,271) |
| Revaluation of investments | (100,899) | (20,915) |
| Foreign exchange (gain)/loss | (24,196) | 24,677 |
| Gain on disposal of investments | (32,750) | (16,544) |
| Finance income | (55,726) | (59,482) |
| | (105,849) | (99,535) |
| Decrease/(increase) in trade and other debtors | 275 | (276) |
| Increase in trade and other creditors | 586 | 5,631 |
| **Cash generated from operations** | (104,988) | (94,180) |

### 2. ANALYSIS OF NET DEBT

| | At 31.12.19 | Cash flows | At 30.12.20 |
|---|---|---|---|
| | £ | £ | £ |
| **Net cash** | | | |
| Cash at bank and in hand | 481,660 | (56,651) | 425,009 |

The notes form part of these financial statements

## 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 listed investments which are held at fair value.

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

**Going concern**
The directors have considered the financial position of the Company. At the year end, the Company held £425,009 in cash and £434,275 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 concem basis as the Company is expected to continue for the foreseeable future.

**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.



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## 3. ACCOUNTING POLICIES - continued

**Foreign currencies**
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**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.

## 4. UNREALISED GAIN/(LOSS) ON FOREIGN EXCHANGE TRANSLATION

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Foreign exchange gain/(loss) | 24,196 | (24,677) |

## 5. EMPLOYEES AND DIRECTORS

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Directors' remuneration | 40,000 | 40,000 |

The average monthly number of employees, including the directors, during the year was 1 (2019: 1). The part-time employee was in an administrative role.

## 6. PROFIT ON DISPOSAL OF INVESTMENTS

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Profit on disposal of investments | 32,750 | 16,544 |



continued...

## 7. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Bank interest received | 83 | 488 |
| Loan interest | 54,979 | 56,461 |
| Current assets investment income | 664 | 2,533 |
| | 55,726 | 59,482 |

## 8. PROFIT/(LOSS) BEFORE TAXATION

The profit (2019 - loss) is stated after charging/(crediting):

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Foreign exchange differences | (24,196) | 24,677 |
| Auditors' remuneration - audit services | 16,012 | 12,750 |
| Auditors' remuneration - non audit services | 2,004 | 3,300 |

## 9. TAXATION

**Analysis of the tax charge**
No liability to UK corporation tax arose for the year ended 30 December 2020 nor for the year ended 30 December 2019.

**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:

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Profit/(loss) before tax | 107,722 | (27,271) |
| Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%) | 20,467 | (5,181) |
| Effects of: | | |
| Expenses not deductible for tax purposes | (25,393) | (7,118) |
| Chargeable gains | 6,223 | 3,137 |
| Rate change adjustment – deferred tax | (16,648) | 965 |
| Deferred tax not recognised | 15,351 | 8,197 |
| Total tax charge | - | - |

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses amounting to £825,569 (2019: £832,392) and accelerated capital allowances as there is insufficient evidence that the potential asset will be recovered. The amount of the asset not recognised is £156,858 (2019: £141,507). 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 £107,722 (2019: £27,271 loss) by the weighted average number of shares in issue, 4,707,155 (2019: 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 any warrants would have the effect of reducing the profit per ordinary share and is therefore not considered dilutive under the terms of IAS33 "Earnings per Share".



continued...

## 11. DEBTORS

| | 2020 £ | 2019 £ |
|---|---|---|
| Amounts falling due within one year: | | |
| Other debtors | 35,685 | 35,685 |
| Prepayments and accrued income | 694 | 969 |
| | 36,379 | 36,654 |

Included in other debtors is a loan made to a connected company which is interest free and repayable on demand.

| | 2020 £ | 2019 £ |
|---|---|---|
| Amounts falling due after more than one year: | | |
| Other debtors | 439,968 | 415,772 |
| Aggregate amounts | 476,347 | 452,426 |

**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. EP&F Capital agreed to extend the €489,156 loan balance maturity to 22 February 2022. On initial recognition the loan was translated at a rate of £1: €1.296, being the equivalent to £540,000. In 2017, Syntaxis repaid €210,844 of the loan outstanding prior to the extension of the €489,156 loan balance in February 2021.
At 30 December 2020 the outstanding loan balance was €489,156 (2019: €489,156) translated at the year-end rate of £1: €1.1118 to £439,968 (2019: £415,772). The change in value is attributable to the movement in the value of sterling.

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.

In addition to granting 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 directors review the fair value of the warrants at each year end and having completed their assessment continue to attribute £nil value (2019: £nil) to the warrants on the basis that their fair value is immaterial to the financial statements.

## 12. CURRENT ASSET INVESTMENTS

| | 2020 £ | 2019 £ |
|---|---|---|
| Listed investments | 434,275 | 328,237 |
| Unlisted investments | 64,977 | 29,977 |
| | 499,252 | 358,214 |

## 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 £ | 2019 £ |
|---|---|---|
| Trade creditors | 2,998 | 1,428 |
| Social security and other taxes | 1,868 | 1,863 |
| Other creditors | - | 2,110 |
| Directors' current accounts | 1,316 | 758 |
| Accruals and deferred income | 28,271 | 27,708 |
| | 34,453 | 33,867 |



continued...

## 14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

| Number: | Class: | Nominal value: | 2020 £ | 2019 £ |
|---|---|---|---|---|
| 4,707,155 | Ordinary shares of 5 pence | 0.05 | 235,358 | 235,358 |

## 15. RESERVES

| | Retained earnings £ |
|---|---|
| At 31 December 2019 | 1,023,075 |
| Profit for the year | 107,722 |
| At 30 December 2020 | 1,130,797 |



continued...

## 16. 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.

### Categorisation of financial instruments

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

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Other debtors | 35,685 | 35,685 |
| Loan receivable | 439,968 | 415,772 |
| Cash at bank | 425,009 | 481,660 |
| Trade and other payables | 32,585 | 32,004 |
| Current asset investments | 64,977 | 29,977 |

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

| | 2020 | 2019 |
|---|---|---|
| | £ | £ |
| Current asset investments | 434,275 | 328,237 |

### 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 directors' 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.

| | Level 1 | Total |
|---|---|---|
| **At 31 December 2020** | | |
| | £ | £ |
| Investments designated at fair value through profit and loss | 434,275 | 434,275 |
| **At 30 December 2019** | | |
| Investments designated at fair value through profit and loss | 328,237 | 328,237 |

### Risks

The Company's operations expose it to a variety of financial risks that include the effect 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.



continued...

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 due | Carrying amount 2020 |
|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ |
| Syntaxis loan | - | - | - | 439,968 | 439,968 |
| Other debtors | - | - | - | 35,685 | 35,685 |
| | - | - | - | 475,653 | 475,653 |

**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.

## 17. RELATED PARTY TRANSACTIONS

At the year-end a balance of £35,685 (2019: £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 (2019: £Nil).
The Company also holds an investment in MediaZest plc with a market value of £3,724 (2019: £4,469).

Lance O'Neill is a director of Calix Limited in which the Company has an investment with a market value of £347,261 (2019: £229,890).

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 £439,968 (2019: £415,772) after Syntaxis repaid €210,844 of the €700,000 loan in September 2017. The Company also holds warrants in Syntaxis as disclosed in Note 11.

At the year-end the Company owed £1,316 (2019: £758) to a director.

## DETAILED PROFIT AND LOSS ACCOUNT
## FOR THE YEAR ENDED 30 DECEMBER 2020

| | | 2020 | | 2019 |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **Income** | | - | | - |
| **Other income** | | | | |
| Foreign exchange gain/(loss) | 24,196 | | (24,677) | |
| Bank interest received | 83 | | 488 | |
| Loan interest | 54,979 | | 56,461 | |
| Current assets investment income | 664 | | 2,533 | |
| | | 79,922 | | 34,805 |
| | | 79,922 | | 34,805 |
| **Gain on revaluation of assets** | | | | |
| Unrealised gain on revaluation of investments | | 100,899 | | 20,915 |
| | | 180,821 | | 55,720 |
| **Expenditure** | | | | |
| Directors' salaries | 40,000 | | 40,000 | |
| Directors' social security | 4,307 | | 4,329 | |
| Telephone | 410 | | 833 | |
| Post and stationery | 3,922 | | 3,128 | |
| Travelling | 116 | | 97 | |
| Computer and software costs | 207 | | 315 | |
| Storage costs | 4,198 | | 4,062 | |
| Accountancy | 10,130 | | 15,735 | |
| Auditors' fees | 16,012 | | 19,660 | |
| Legal and professional fees | 25,567 | | 10,466 | |
| Bad debts | - | | 457 | |
| | | 104,869 | | 99,082 |
| | | 75,952 | | (43,362) |
| **Finance costs** | | | | |
| Bank charges | | 980 | | 453 |
| | | 74,972 | | (43,815) |
| **Exceptional items** | | | | |
| Profit on disposal of investments | | 32,750 | | 16,544 |
| **NET PROFIT/(LOSS)** | | 107,722 | | (27,271) |