

**Lombard Capital PLC**  
Annual Report and Financial Statements  
for the year ended 31 March 2018

## **Table of Contents**

### Pages

|    |                              |
|----|------------------------------|
| 01 | Chairman's Statement         |
| 02 | Strategic Report             |
| 03 | Directors' Report            |
| 05 | Independent Auditor's Report |

### Financial Statements

|    |  |
|----|--|
| 09 | Income Statement and Statement of Comprehensive Income |
| 10 | Statement of Financial Position                        |
| 11 | Statement of Cashflows                                 |
| 12 | Statement of Changes in Equity                         |
| 13 | Notes to the Financial Statements                      |

## **Company Information**

Directors: David William Grierson  
Nigel Brent Fitzpatrick (Non-Executive)

Registered office: Steve Monico Limited  
19 Goldington Road  
Bedford  
MK40 3JY

Company number: 06050613

Secretary: Steve Monico Limited

NEX Corporate Adviser: Alfred Henry Corporate Finance Ltd  
5-7 Cranwood Street  
London  
EC1V 9EE

Registrars: Share Registrars Limited  
The Courtyard  
17 West Street  
Farnham  
Surrey  
GU9 7DR

Independent Auditor: Jeffrey's Henry LLP  
5-7 Cranwood Street  
London  
EC1V 9EE

## Chairman's Statement

for the year ended 31 March 2018

Dear Shareholders

During the year under review your Board has been working towards producing secure bond investments where the instrument is fully secured by re-insurance or by tangible assets. The work continues to progress and your Board expects to be able to make an announcement in the second or third quarter of the new financial year.

Post year end your directors have re-opened the 7.5% 2020 Unsecured Loan Note and to the date of these accounts, a total sum of £320,000 has been received and further subscriptions are anticipated before the closing date of 30 September 2018.

I look forward to the future with enthusiasm and thank all my colleagues and our professionals for their support and advice.

I also thank you all as shareholders for your continuing support.

D. W. Grierson  
Chairman  
Lombard Capital PLC

# Strategic Report

for the year ended 31 March 2018

The directors present their strategic report for the year ended 31 March 2018.

## Business review

During the year under review the directors have continued to focus the Company on developing secure bond investments where the instrument is fully secured by re-insurance or by tangible assets.

## Future developments

The Company is expecting to provide a secured bond investment to provide investors with stable income and without risk to capital. The Company expects to make an announcement in the near future.

## Results and dividends

For the year ended 31 March 2018, the Company's loss after taxation from continuing operations was £384,658 (2017: £190,440 loss) and the loss per share was 11.1p (2017: 7.1p). The directors do not recommend the payment of a dividend (2017: NIL).

## Key performance indicators

The key performance indicators are set out below:

| Company Statistics                      | 2018       | 2017     | Change % |
|---|------------|----------|----------|
| Net (liability) / asset value           | (£234,295) | (£6,141) | -3715%   |
| Net (liability) / asset value per share | (6.8p)     | (0.2p)   | -295%    |
| Closing share price                     | 9.0p       | 16.0p    | -43.75%  |
| Market Capitalisation                   | £379,724   | £532,082 | -28.63%  |

## Key business risks

The main business risk that the Company faces is the generation of funds to have satisfactory cash resources to carry out its business plan and also cover the overhead expenses required for the continuing success of the Company.

## Going concern

During the period, the Company made a loss of £384,658 and at the year-end had current liabilities of £348,949. The cash balance at the year end was £2,154, post year end the Company has received £320,000 as subscriptions for loan notes, so at the time of signing of these accounts there are sufficient funds for the next 12 months and beyond.

The Chairman's statement has explained the current fundraising activities, therefore, the directors have formed the opinion that with the revenue streams from bond issuances, the eradication of debt and the inflow of funds from the conversion of warrants, the Company will secure adequate funds for the working capital requirements of for the Company in the foreseeable future. Further, this will ensure that adequate arrangements will be in place to enable the settlement of their financial commitments as and when they fall due.

For this reason, the directors continue to adopt the going concern basis in preparing the financial statements. Whilst there are inherent uncertainties in relation to future events, and therefore no certainty over the outcome of the matters described, the directors consider that, based on financial projections and dependent on the success of their efforts to complete these activities, the Company will be a going concern for the next 12 months.

For and on behalf of the Board

D.W. Grierson  
22 August 2018

## Directors' Report

for the year ended 31 March 2018

The directors present their report together with the audited financial statements for the year ended 31 March 2018.

### Principal activity

The principal activity of the Company has been developing secure bond investments where the instrument is fully secured by re-insurance or by tangible assets. The work continues to progress and your board expects to be able to make an announcement in the second or third quarter of the new financial year.

### Financial risk management objectives and policies

Details of the financial risk management objectives and policies are provided in note 13 to the financial statements.

### Post balance sheet events

Details of post balance sheet events are provided in note 18 to the financial statements.

### Directors

The directors of the Company during the year and subsequently are set out below:

David William Grierson

Nigel Brent Fitzpatrick

### Substantial shareholders

The only interests in excess of 3% of the issued share capital of the Company which have been notified to the Company as at 3 August 2018 were as follows:

|   | Shareholding | %     |
|---|--------------|-------|
| Platform Securities Nominees Limited      | 1,426,000    | 33.80 |
| Mr Barry Fromson                          | 793,643      | 18.81 |
| Sunvest Corporation Limited               | 455,000      | 10.78 |
| Harewood Nominees Limited                 | 383,500      | 9.09  |
| Religare Capital Markets (Europe) Limited | 214,000      | 5.07  |
| Ferlim Nominees Limited                   | 207,187      | 4.91  |
| Lynchwood Nominees Limited                | 201,677      | 4.78  |
| Winterflood Securities Limited            | 160,165      | 3.80  |

D W Grierson, a director of the Company, holds 665,000 of the 1,426,000 shares held under Platform Securities Nominees Limited.

### Directors remuneration

Details of directors' remuneration is set out in note 4 to the financial statements.

## Directors' Report continued

for the year ended 31 March 2018

### Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report and Report of the directors 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 International Financial Reporting Standards as adopted by the European Union (IFRS). 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 and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that that they have complied with the above requirements in preparing the Financial Statements.

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 and 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.

Insofar as each of the directors is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### Auditors

A resolution that the auditors Jeffrey's Henry LLP will be reappointed will be proposed at the Annual General Meeting.

On behalf of the Board

D.W. Grierson

# Independent Auditor's Report

for the year ended 31 March 2018

## Opinion

We have audited the financial statements of Lombard Capital Plc (the 'Company') for the year ended 31 March 2018 which comprise the statement of income and other comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of the Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements 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 as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which explains that the company is dependant upon ongoing fundraising and forecast revenue streams to commercialise and develop its core businesses. These events or conditions along with other matters as set forth in note 2, indicate that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Our audit approach

### Overview

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

- Going concern issues
- Valuation of available for sale investments

These are explained in more detail below

#### Audit scope

- We conducted audits of the complete financial information of Lombard Capital Plc.
- We performed specified procedures over certain account balances and transaction classes.
- We performed audit procedures that accounted for 100% of the absolute profit before tax.

# Independent Auditor's Report

for the year ended 31 March 2018

## Key audit matters

| Key audit matter  | How our audit addressed the key audit matter   |
|---|--|
| <p><b>Going concern assumption</b></p> <p>The Company is dependent upon its ability to generate sufficient cash flows to meet continued operational costs and hence continue trading.</p> <p>Given the scale of cash outflows, the Company needs to be generating sufficient revenues to sustain its position.</p>  | <p>Evaluated the suitability of management's model for the forecast.</p> <p>The forecast includes a number of assumptions related to future cash flows and associated risks. Our audit work has focused on evaluating and challenging the reasonableness of these assumptions and their impact on the forecast period.</p> <p>Specifically, we obtained, challenged and assessed managements going concern forecast and performed procedures including:</p> <ul style="list-style-type: none"> <li>• Verifying the consistency of key inputs relating to future sales and costs to other financial and operational information obtained during the audit;</li> <li>• Assessed the reasonableness of expenses and costs established;</li> <li>• Corroborated with management relating to future cash inflows.</li> </ul> <p>We reviewed the latest management accounts to gauge the financial position.</p> |
| <p><b>Valuation of available for sale investments</b></p> <p>The Company has available for sale investment of £112,500 (2017: £112,500).</p> <p>The investment is held within Prego International Limited.</p> <p>The valuation of this unquoted investments are valued in accordance with the techniques set out in the accounting policy for 'Available for sale investments' on page 15.</p> | <p>The valuation has been held at the same value as per prior year.</p> <p>We obtained a valuation report at 31 March 2017 which confirmed the holding value. However, as the stockbroker Beaufort Securities Limited went into administration in March 2018, this caused difficulty in obtaining the valuation report of the investment as at 31 March 2018.</p> <p>We have obtained newsletters of Prego International Limited and considered if any impairments are required.</p>   |

# Independent Auditor's Report

for the year ended 31 March 2018

## Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

|                                 |  |
|---------------------------------|--|
|                                 | Company financial statements   |
| Overall materiality             | £18,700 (31 March 2017: £11,300).  |
| How we determined it            | The average of 10% of loss before tax and 3% of gross assets.  |
| Rationale for benchmark applied | We believe that loss before tax is a primary measure used by shareholders in assessing the performance of the Company whilst gross asset values and revenue are a representation of the size of the Company; all are generally accepted auditing benchmarks. |

We agreed with the board of directors that we would report to them misstatements identified during our audit above £900 (Company audit) (31 March 2017: 500) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

## An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the Company, the accounting processes and controls, and the industry in which they operate.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## 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 have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

## Independent Auditor's Report

for the year ended 31 March 2018

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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements [and the part of the directors' remuneration report to be audited] 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 4], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Other matters which we are required to address

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit. Our audit opinion is consistent with the additional report to the audit committee.

### Use of this report

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

Sanjay Parmar (Senior Statutory Auditor)

### For and on behalf of Jeffrey's Henry LLP (Statutory Auditors)

Finsgate  
5-7 Cranwood Street  
London EC1V 9EE

22 August 2018

## Income Statement

for the year ended 31 March 2018

|  |              | 2018             | 2017      |
|--|--------------|------------------|-----------|
|  |              | £                | £         |
|  | <b>Notes</b> |                  |           |
| <b>Continuing operations:</b>  |              |                  |           |
| Operating expenses   |              | <b>(340,268)</b> | (190,440) |
| Share based payments   |              | <b>(44,390)</b>  | -         |
| Operating loss and loss before taxation                              | 3            | <b>(384,658)</b> | (190,440) |
| Taxation expense   | 5            | -                | -         |
| Loss for the year, attributable to owners of the Company             |              | <b>(384,658)</b> | (190,440) |
| Loss per share attributable to owners of the Company during the year |              | <b>Pence</b>     | pence     |
| Basic and diluted  |              |                  |           |
| Total and continuing operations                                      | 6            | <b>(11.1)</b>    | (7.1)     |

## Statement of Changes in Comprehensive Income

for the year ended 31 March 2018

|  | 2018             | 2017      |
|--|------------------|-----------|
|  | £                | £         |
| Loss for the financial year                    | <b>(384,658)</b> | (190,440) |
| Other comprehensive income:                    | -                | -         |
| <b>Total comprehensive income for the year</b> | <b>(384,658)</b> | (190,440) |

The notes on pages 13 to 21 form part of the financial statements.

## Statement of Financial Position

as at 31 March 2018

|  | Notes | 2018<br>£        | 2017<br>£      |
|--|-------|------------------|----------------|
| <b>Non-current assets</b>  |       |                  |                |
| Available for sale investments                                       | 7     | 112,500          | 112,500        |
| <b>Current assets</b>  |       |                  |                |
| Trade and other receivables  | 8     | -                | 7,800          |
| Cash and cash equivalents  | 9     | 2,154            | 622            |
| <b>Total current assets</b>  |       | <b>2,154</b>     | <b>8,422</b>   |
| <b>Total assets</b>  |       | <b>114,654</b>   | <b>120,922</b> |
| <b>Equity</b>  |       |                  |                |
| Share capital  | 11    | 194,116          | 193,223        |
| Share premium  |       | 954,574          | 866,103        |
| Share option reserve   |       | 80,300           | 13,160         |
| Investment revaluation reserve                                       |       | 100,184          | 100,184        |
| Retained earnings  |       | (1,563,469)      | (1,178,811)    |
| <b>Equity attributable to owners of the Company and total equity</b> |       | <b>(234,295)</b> | <b>(6,141)</b> |
| <b>Current liabilities</b>   |       |                  |                |
| Trade and other payables   | 10    | 348,949          | 127,063        |
| <b>Total equity and liabilities</b>                                  |       | <b>(114,654)</b> | <b>120,922</b> |

These financial statements were approved by the Board, authorised for issue and signed on their behalf on 22 August 2018 by:

D.W. Grierson

Company registration number: 06050613 (England & Wales)

The notes on pages 13 to 21 form part of the financial statements.

## Statement of Cashflows

for the year ended 31 March 2018

|  | Notes | 2018<br>£       | 2017<br>£        |
|--|-------|-----------------|------------------|
| <b>Operating activities</b>                                    |       |                 |                  |
| Loss before tax  |       | (384,658)       | (190,440)        |
| Share based payment  |       | 67,140          | -                |
| (Increase)/decrease in trade and other receivables             |       | 7,800           | -                |
| Increase/(decrease) in trade and other payables                |       | 221,886         | 78,597           |
| <b>Net cash flow from operating activities</b>                 |       | <b>(87,832)</b> | <b>(111,843)</b> |
| <b>Investing activities</b>                                    |       |                 |                  |
| Proceeds from sale of available-for-sale assets                |       | -               | 23,310           |
| <b>Net cash flow from investing activities</b>                 |       | <b>-</b>        | <b>23,310</b>    |
| <b>Financing activities</b>                                    |       |                 |                  |
| Proceeds from issue of shares                                  |       | 89,364          | 86,487           |
| <b>Net cash flow from financing activities</b>                 |       | <b>89,364</b>   | <b>86,487</b>    |
| Net increase / (decrease) in cash and cash equivalents         |       | 1,532           | (2,046)          |
| Cash and cash equivalents at start of year                     |       | 622             | 2,668            |
| <b>Cash and cash equivalents at the end of the year/period</b> |       | <b>2,154</b>    | <b>622</b>       |
| <b>Cash and cash equivalents comprise:</b>                     |       |                 |                  |
| Cash and cash in bank  |       | 2,154           | 622              |
| <b>Cash and cash equivalents at end of year/period</b>         |       | <b>2,154</b>    | <b>622</b>       |

The notes on pages 13 to 21 form part of the financial statements.

## Statement of Changes in Equity

for the year ended 31 March 2018

|   | Share<br>Capital<br>£ | Share<br>Premium<br>£ | Share<br>Option<br>Reserve<br>£ | Investment<br>Revaluation<br>Reserve<br>£ | Retained<br>Earnings<br>£ | Total<br>Equity<br>£ |
|---|-----------------------|-----------------------|---------------------------------|---|---------------------------|----------------------|
| Balance at 1 April 2016   | 192,165               | 767,514               | 26,320                          | 100,184                                   | (988,371)                 | 97,812               |
| Loss for the year   | -                     | -                     | -                               | -   | (190,440)                 | (190,440)            |
| Issue of shares   | 1,058                 | 85,429                | -                               | -   | -                         | 86,487               |
| Share based payment   | -                     | 13,160                | (13,160)                        | -   | -                         | -                    |
| Impairment of investments –<br>reclassified to income statement | -                     | -                     | -                               | -   | -                         | -                    |
| Market value adjustment to<br>investments                       | -                     | -                     | -                               | -   | -                         | -                    |
| Balance at 31 March 2017  | 193,223               | 866,103               | 13,160                          | 100,184                                   | (1,178,811)               | (6,141)              |
| Balance at 1 April 2017   | 193,223               | 866,103               | 13,160                          | 100,184                                   | (1,178,811)               | (6,141)              |
| Loss for the year   | -                     | -                     | -                               | -   | (384,658)                 | (384,658)            |
| Issue of warrants   | -                     | -                     | 22,750                          | -   | -                         | 22,750               |
| Share based payment   | -                     | -                     | 44,390                          | -   | -                         | 44,390               |
| Issue of shares   | 893                   | 88,471                | -                               | -   | -                         | 89,364               |
| Balance at 31 March 2018  | 194,116               | 954,574               | 80,300                          | 100,184                                   | (1,563,469)               | (234,295)            |

Share capital is the amount subscribed for shares at nominal value.

Share premium is the amount subscribed for share capital in excess of nominal value.

Share option reserve relates to share-based payment charges recognised.

Investment revaluation reserve represents the temporary movement in fair value of available-for-sale investments.

Retained earnings represents accumulated profit or loss to date.

The notes on pages 13 to 21 form part of the financial statements.

# Notes to the Financial Statements

for the year ended 31 March 2018

## 1 General information

Lombard Capital Plc is a limited Company incorporated and domiciled in the United Kingdom. The registered office is 19 Goldington Road, Bedford, MK40 3JY.

## 2 Principal accounting policies

The principal Accounting Policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), and IFRIC interpretations as adopted in the European Union and as applied in accordance with the provisions of the Companies Act 2006, and under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumption and estimates are significant to the Financial Statements, are disclosed later in these accounting policies.

The financial statements are presented in sterling (£).

### Going concern

During the period, the Company made a loss of £384,658 and at the year-end had current liabilities of £348,949. The cash balance at the year-end was £2,154, post year end the Company has generated £320,000 by the issue of loan notes, so at the time of signing of these accounts there are sufficient funds for the next 12 months and beyond.

The Chairman's statement has explained the current fundraising activities, therefore, the directors have formed the opinion that with the revenue streams from bond issuances, the eradication of debt and the inflow of funds from the conversion of warrants, the Company will secure adequate funds for the working capital requirements of the Company in the foreseeable future. Further, this will ensure that adequate arrangements will be in place to enable the settlement of their financial commitments as and when they fall due.

For this reason, the directors continue to adopt the going concern basis in preparing the financial statements. Whilst there are inherent uncertainties in relation to future events, and therefore no certainty over the outcome of the matters described, the directors consider that, based on financial projections and dependent on the success of their efforts to complete these activities, the Company will be a going concern for the next 12 months.

### Changes in accounting policy

During the financial year, the Company has adopted the following new and amended IFRS and IFRIC interpretations that are mandatory for current financial year:

|   |   |
|---|---|
| Amendments to IAS 7                             | Disclosure Initiative   |
| Amendments to IAS 12                            | Recognition of Deferred Tax Assets for Unrealised Losses              |
| Annual Improvements to IFRS standard 2014- 2016 | Amendments to IFRS 12 <i>Disclosure of Interest in Other Entities</i> |

The impact of adopting the above amendments had no material impact on the financial statements of the Company.

The following standards, amendments and interpretations applicable to the Company are in issue but are not yet effective and have not been early adopted in these financial statements. They may result in consequential changes to the accounting policies and other note disclosures. We do not expect the impact of such changes on the financial statements to be material. These are outlined in the table below:

|                       |  |
|-----------------------|--|
| IFRS 5                | Non-current assets held for sale and discontinued operations |
| IFRS 7                | Financial instruments  |
| IFRS 9                | Financial instruments  |
| IFRS 10 (amended)     | Consolidated Financial Statements                            |
| IFRS 11 (amended)     | Joint Arrangements   |
| IFRS 12 (amended)     | Disclosure of Interests in Other Entities                    |
| IFRS 14               | Regulatory deferral accounts                                 |
| IFRS 15               | Revenue from Contracts with Customers                        |
| IFRS 16               | Leases   |
| IFRS 17               | Insurance Contracts  |
| IAS 1 (amended)       | Presentation of Items of Other Comprehensive Income          |
| IAS 16 & 41 (amended) | Property, Plant and Equipment                                |
| IAS 19                | Employee benefits  |

# Notes to the Financial Statements

for the year ended 31 March 2018

## Changes in accounting policy continued

|                      |  |
|----------------------|--|
| IAS 27 (amended)     | Separate Financial Statements                |
| IAS 28 (amended)     | Investments in Associates and Joint Ventures |
| IAS16 & 38 (amended) | Intangible assets                            |
| IAS 34               | Interim financial reporting                  |

In addition, there are certain requirements of Improvements to IFRSs which are not yet effective.

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Company.

## Key estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The only estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities relate to the valuation of unquoted investments. These are valued in accordance with the techniques set out in the accounting policy for 'Available for sale investments' on page 15.

## Taxation

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

Current tax is the tax currently payable based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expenses 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 balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the temporary difference will not reverse in the foreseeable future.

Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the profit or loss income statement, except where they relate to items that are recognised in other comprehensive income in which case the related deferred tax is also charged or credited directly to equity.

## Segmental reporting

A segment is a distinguishable component of the Company's activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

As the chief operating decision maker reviews financial information for and makes decisions about the Company's investment activities as a whole, the directors have identified a single operating segment, that of developing secure bond investment.

## Notes to the Financial Statements

for the year ended 31 March 2018

### Financial assets

The Company's financial assets comprise investments held for trading, associated undertakings, cash and cash equivalents and loans and receivables.

### Available for sale Investments

Investments are initially measured at fair value plus incidental acquisition costs. Subsequently they are measured at fair value in accordance with IAS 39. In respect of quoted investments, this is either the bid price at the period end date of the last traded price or the last traded price, depending on the convention of the exchange on which the investment is quote, with no deduction for any estimated future selling cost. Unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last price and net asset value.

Investments are recognised as available-for-sale financial assets. Gains and losses on measurement are recognised in other comprehensive income except for impairment losses and foreign exchange gains and losses on monetary items denominated in a foreign currency, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

The Company assesses at each period end date whether there is any objective evidence that a financial assets or group of financial assets classified as available-for-sale has been impaired. An impairment loss is recognised if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. A significant or prolonged decline in the fair value of a security below its cost shall be considered in determining whether the asset is impaired.

When a decline in the fair value of a financial asset held as available-for-sale has been previously recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss is removed from other comprehensive income and recognised in profit or loss. The loss is measured as the difference between the cost of the financial asset and its current fair value less any previous impairment.

### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and current and deposit balances deposits at banks, together with other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The investment revaluation reserve represents the difference between the purchase costs of the available-for-sale investments less any impairment charge and the market value of those investments at the accounting date.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income.

### Financial liabilities

Financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance cost in the income statement using the effective interest rate method. The Company's financial liabilities comprise trade and other payables.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

## Notes to the Financial Statements

for the year ended 31 March 2018

### 3 Loss from operations

Loss from operations is stated after charging:

|   | 2018   | 2017   |
|---|--------|--------|
|   | £      | £      |
| Auditors' remuneration for auditing of accounts | 14,400 | 20,400 |

### 4 Directors remuneration

The Company had no employees in the year under review, or the prior year. During the year there has been one executive director and one non-executive director.

|                | 2018 | 2017 |
|----------------|------|------|
|                | No.  | No.  |
| Administration | 1    | 1    |

  

|  | 2018          | 2017   |
|--|---------------|--------|
|  | £             | £      |
| <i>Director's remuneration – fees:</i> |               |        |
| N Brent Fitzpatrick                    | 12,000        | 12,000 |
| David Grierson                         | 48,000        | 48,000 |
|  | <b>60,000</b> | 60,000 |

The highest paid director was not granted, nor did he exercise any share options during the year. The highest paid director did not receive any shares in respect of qualifying services under a long-term incentive scheme.

Warrants have been issued for services, to directors. Please refer to note 15.

### 5 Taxation

|                    | 2018 | 2017 |
|--------------------|------|------|
|                    | £    | £    |
| UK corporation tax | -    | -    |
| Deferred tax       | -    | -    |
| <b>Tax charge</b>  | -    | -    |

  

|   | 2018             | 2017      |
|---|------------------|-----------|
|   | £                | £         |
| Loss before tax                           | <b>(384,658)</b> | (190,440) |
| Tax at 20% (2017: 20%) on loss before tax | <b>(76,932)</b>  | (38,088)  |
| Effects of:                               |                  |           |
| Add back disallowable expenses            | -                | -         |
| Unrelieved losses carried forward         | <b>76,932</b>    | 38,088    |
| Total tax (credit)/expense                | -                | -         |

The unutilised tax losses of the Company available for set off against future taxable profits are estimated to be £80,000 (2017: £740,000). The Company has not recognised a deferred tax asset in respect of these losses as there is insufficient evidence of future taxable profits.

## Notes to the Financial Statements

for the year ended 31 March 2018

### 6 Earnings per share

The basic and diluted earnings per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

|  | 2018             | 2017      |
|--|------------------|-----------|
|  | £                | £         |
| <i>Earnings</i>  |                  |           |
| Loss for the purposes of basic and fully diluted loss per share                              | <b>(384,658)</b> | (190,440) |
| <i>Number of shares</i>  |                  |           |
| Weighted average number of shares for calculating basic and fully diluted earnings per share | <b>3,455,865</b> | 2,682,971 |
|  | 2018             | 2017      |
|  | Pence            | pence     |
| <i>Earnings per share</i>  |                  |           |
| Basic and fully diluted loss per share   | <b>(11.1)</b>    | (7.1)     |

In 2017 the Company issued up to £100,000 warrants, during the year the Company received notice from the holders of 75,000 warrants to convert them into 75,000 ordinary shares for a consideration of £7,500.

### 7 Available for sale investments

|   | 2018           | 2017     |
|---|----------------|----------|
|   | £              | £        |
| Investments at cost less impairment brought forward | <b>112,500</b> | 135,810  |
| Cost of impairment – reclassified from reserves     | -              | -        |
| Cost of impairment – recognised in the year         | -              | -        |
| Investments at cost less impairment at year end     | -              | -        |
| Disposals   | -              | (23,310) |
| Market value adjustment                             | -              | -        |
| Market value of investments at year end             | <b>112,500</b> | 112,500  |
| <i>Categorised as:</i>                              |                |          |
| Level 1   | -              | -        |
| Level 2   | -              | -        |
| Level 3   | <b>112,500</b> | 112,500  |
|   | <b>112,500</b> | 112,500  |

The table above sets out the fair value measurements using the IFRS7 fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 - valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the Company are explained in the accounting policy note, 'available for sale investments'.

#### Level 3 financial assets

|  | 2018           | 2017     |
|--|----------------|----------|
|  | £              | £        |
| Reconciliation of Level 3 fair value measurement of financial assets |                |          |
| Brought forward  | <b>112,500</b> | 135,810  |
| Market value adjustment  | -              | -        |
| Disposals  | -              | (23,310) |
| Impairment in the year   | -              | -        |
| Carried forward  | <b>112,500</b> | 112,500  |

## Notes to the Financial Statements

for the year ended 31 March 2018

### 7 Available for sale investments continued

Level 3 valuation techniques used by the Company are explained on page 15.

The value of £112,500 relates to shares held in Prego International Limited which have been placed on the JP Jenkins matched-bargain platform and the valuation is based on the indicative price, which is based on buy and sell limits from brokers.

### 8 Trade and other receivables

|             | 2018 | 2017  |
|-------------|------|-------|
|             | £    | £     |
| Prepayments | -    | 7,800 |
|             | -    | 7,800 |

The fair value of trade and other receivables is considered by the directors not to be materially different to the carrying amounts.

### 9 Cash and cash equivalent

|               | 2018  | 2017 |
|---------------|-------|------|
|               | £     | £    |
| Cash at banks | 2,154 | 622  |
|               | 2,154 | 622  |

### 10 Trade and other payables

|                                 | 2018    | 2017    |
|---------------------------------|---------|---------|
|                                 | £       | £       |
| Trade payables                  | 31,468  | 36,439  |
| Other taxes and social security | 1,383   | -       |
| Unsecured loans                 | 152,250 | -       |
| Accrued charges                 | 163,848 | 90,624  |
|                                 | 348,949 | 127,063 |

The fair value of trade and other payables is considered by the directors not to be materially different to the carrying amounts.

### 11 Share capital

|  | 2018    | 2017    |
|--|---------|---------|
|  | £       | £       |
| <i>Authorised capital</i>                |         |         |
| 500,000,000 ordinary shares of 0.1p each | 500,000 | 500,000 |
| 2,000,000 redeemable shares of 1p each   | 20,000  | 20,000  |
|  | 520,000 | 520,000 |
| <i>Issued and fully paid</i>             |         |         |
| 4,219,157 new ordinary shares of 0.1p    | 4,219   | 3,326   |
| 1,918,150 deferred shares of 9.9p        | 189,897 | 189,897 |
|  | 194,116 | 193,223 |

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

During the year the Company received notice from the holders of 75,000 warrants to convert them into 75,000 ordinary shares for a consideration of £7,500.

During the year the Company allotted 818,643 ordinary shares for a consideration of £14,436.

## Notes to the Financial Statements

for the year ended 31 March 2018

### 12 Investment revaluation reserve

|   | 2018    | 2017    |
|---|---------|---------|
|   | £       | £       |
| Balance brought forward                       | 100,184 | 100,184 |
| Market value adjustment in year               | -       | -       |
| Impairment – reclassified to income statement | -       | -       |
| Balance carried forward                       | 100,184 | 100,184 |

### 13 Risk management objectives and policies

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated by the board of directors, and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets.

#### *Capital risk management*

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can improve returns and benefits for shareholders
- to support the Company's growth: and
- to provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages the capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes. There have been no changes in this since the previous reporting date.

#### *Credit risk*

The Company's financial instruments, that are subject to credit risk, are cash and cash equivalents. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable financial institutions.

The Company's maximum exposure to credit risk is £2,154 (2017: £622) comprising cash and cash equivalents.

#### *Liquidity risk*

Liquidity risk is managed by means of ensuring sufficient cash and cash equivalents are held to meet the Company's payment obligations arising from administrative expenses. The cash and cash equivalents are invested such that the maximum available interest rate is achieved with minimal risk.

Financial assets comprise, cash of £2,154 and are available in demand. Financial liabilities comprise trade payables of £31,468 which are all payable within 3 months.

## Notes to the Financial Statements

for the year ended 31 March 2018

### 13 Risk management objectives and policies continued

#### *Market price risk*

The Company's exposure to market price risk mainly arises from potential movements in the fair value of its investments. The Company manages this price risk within its long-term investment strategy to manage a diversified exposure to the market. If each of the Company's equity investments were to experience a rise or fall of 10% in their fair value, this would result in the Company's net asset value increasing or decreasing by £11,250 (2017: £11,250).

#### *Financial assets by category*

The IAS 39 categories of financial assets included in the balance sheet and the headings in which they are included are as follows:

|                                | <b>2018</b>    | 2017    |
|--------------------------------|----------------|---------|
|                                | £              | £       |
| Financial assets:              |                |         |
| Available for sale investments | <b>112,500</b> | 112,500 |
| Cash and cash equivalents      | <b>2,154</b>   | 622     |
|                                | <b>114,654</b> | 113,122 |

#### *Financial liabilities by category*

The IAS 39 categories of financial liability included in the balance sheet and the headings in which they are included are as follows:

|  | <b>2018</b>   | 2017   |
|--|---------------|--------|
|  | £             | £      |
| Financial liabilities at amortised cost: |               |        |
| Trade and other payables                 | <b>31,468</b> | 36,439 |
|  | <b>31,468</b> | 36,439 |

### 14 Share-based payments

The amount of remuneration expense in respect of the share options granted amounts to £44,390 (period ended 31 March 2017: nil).

The options for 350,000 shares held by D W Grierson have not been exercised and remain outstanding at the reporting date.

## Notes to the Financial Statements

for the year ended 31 March 2018

### 15 Convertible Instruments

#### *Convertible unsecured loan notes 2018*

On 3 May 2016 it was agreed that up to £100,000 of 7.5 per cent Convertible Unsecured Loan Notes 2018 would be issued. A convertible loan note instrument would be issued.

Warrants extended to May 2019.

Warrants would be issued to those that subscribe for these loan notes carrying the right to subscribe for new Ordinary Shares of £0.001 each. These warrants entitle holders of £100 convertible notes to subscribe for 1,000 new ordinary shares. Each warrant has a right to buy the same amount of ordinary shares at a price of 10 pence.

The following warrants were issued to related parties:

| Date of issue | Held by                                  | No of warrants | Reason for issue         |
|---------------|--|----------------|--------------------------|
| 30 June 2016  | D W Grierson (director)                  | 100,000        | Issue of warrants        |
| 30 June 2016  | N B Fitzpatrick (non-executive director) | 100,000        | Issue of warrants        |
| 30 June 2016  | Steve Monico Ltd (company secretary)     | 100,000        | For secretarial services |

On 8 September 2016 the Company announced that it had received notice from all of the holders of the convertible loan notes, issued in the year, to convert them into 450,000 ordinary shares. The total amount outstanding was £45,000. Furthermore, an additional 7,364 ordinary shares were issued to the holders of the loan notes in respect of interest due.

On 4 November 2016 the Company received notices from holders of 250,000 of warrants to convert to 250,000 shares for a consideration of £25,000.

On 21 February 2018 the Company agreed that 1,250,000 warrants be issued which will be exercisable at a price of 10p per ordinary share up to 1 March 2020. The following warrants were issued:

At the year-end 800,000 warrants were outstanding.

| Date of issue | Held by                                    | No of warrants | Reason for issue                       |
|---------------|--|----------------|--|
| 21 Feb 2018   | David Grierson (director)                  | 900,000        | For introductions, services and advice |
| 21 Feb 2018   | Brent Fitzpatrick (non-executive director) | 100,000        | For introductions, services and advice |

On 21 February 2018, the Company had 250,000 warrants available for issue.

### 16 Contingent liabilities

There were no contingent liabilities as at 31 March 2017 or 31 March 2018.

### 17 Capital commitments

There were no capital commitments authorised by the directors or contracted for at 31 March 2017 or 31 March 2018.

### 18 Post balance sheet events

Since the year end the Company has received subscriptions of £320,000 from investors.

### 19 Related party transactions

The remuneration paid to the directors is set out in Note 4 to the financial statements.

### 20 Controlling party

As at 31 March 2018 and at the reporting date, the Company had no controlling party.