Company number 10183367

GROUP STRATEGIC REPORT,

REPORT OF THE DIRECTORS AND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

FOR

FIRST SENTINEL PLC

FIRST SENTINEL PLC

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS:	B Stockbridge S Y Perry C N Maltby Ms A Freeding T Dignall
SECRETARY:	First Sentinel Advisory Limited
REGISTERED OFFICE:	55 Park Lane Suit 12a London W1K 1NA
REGISTERED NUMBER:	10183367 (England and Wales)
AUDITORS:	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW
BANKERS:	Metrobank Limited 1 Southhampton Row Holborn London WC1B 5HA
CORPORATE ADVISERS:	Beaumont Cornish Limited 10th Floor 30 Crown Place London EC2A 4EB
REGISTRARS:	Neville Registrars Limited Neville House, Steelpark Road Halesowen B62 8HD

FIRST SENTINEL PLC

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

I present the results for First Sentinel plc, for the year ended 31 December 2018.

Following the acquisition of shares in Perennial Enterprise PTY Ltd in December 2017, the Company listed a £4m Bond on NEX Exchange to fund the invoice purchasing activities of its subsidiary in Australia. During 2018, approximately £2.6m was raised with the remaining £1.4m being raised after the Year End. The activities in Australia continue to progress well. The loss of £700,000 for the year includes the professional costs of listing the First Sentinel Bond on NEX Exchange, the costs of the new office on Park Lane and a loss on sale and write down of the value of some of the equity investments held.

We remain focused on creating long-term sustainable value for our shareholders and have increased the focus of the Company on invoice purchasing and supply chain finance activities in Australia and in the UK. We have reduced the focus on future equity investments.

INVESTMENTS

The Company made three equity investments in 2018 that are collectively trading above their purchase price. However, the Company has experienced a significant loss on Curzon plc, an equity investment made in 2017 that is trading at a significant discount to the price paid. All of the structured debt investments have yielded positive returns and all have been fully exited apart from one, which we have partially exited and expect to fully exit in 2019. Approximately £2.6m has been invested in the invoice purchasing activities of our Australian subsidiary, Perennial Enterprise PTY, Ltd.

OUTLOOK

The twelve months to 31 December 2018 have been a mixed period for First Sentinel. The success of the fund raising and the investment into the business activities of Perennial Enterprise PTY Ltd have been offset by the large loss recognised on one equity investment in particular. Whilst the Board is confident that some of that loss may be recovered in time, it highlights the need for focus to be made on invoice purchasing and supply chain finance activities. After the year end, the Company established a subsidiary, Capable Finance Limited, to focus on UK supply chain finance operations and intends to list a £7m bond on Euronext to fund this activity. This should position First Sentinel Plc very well for the next stage of its development and the Company needs to increase its scale.

....
B Stockbridge - Director

Date: ....

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report of the company and the group for the year ended 31 December 2018.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

First Sentinel Plc ("First Sentinel" and "Company") is an alternative investment company, registered with the FCA as a small authorised UK AIFM, which provides growth capital for public and private company investments. First Sentinel invests in a range of debt and equity instruments in target portfolio companies.

The principal activities of the Group are that of making investments and invoice purchasing.

First Sentinel invests directly into portfolio companies or via other corporate investment vehicles and the focus is on investing via unsecured and secured debt instruments, with any such security intended to provide some down-side protection in relation to those investments to which it applies, as well as via equity. First Sentinel prices the financial terms of its investments to offer attractive returns to First Sentinel and therefore, indirectly, to its shareholders. Where possible, First Sentinel intends to capture equity upside through warrants, royalty-like instruments and various other performance-related mechanisms in the target portfolio companies.

First Sentinel was incorporated and registered in England and Wales under the Companies Act 2006 on 17 May 2016 as a private limited company with the name First Sentinel Limited with registered number 10183367. On 16 March 2017, the Company re-registered as a public limited company with the name First Sentinel PLC.

PRINCIPAL RISKS AND UNCERTAINTIES

The company has invested primarily in structured debt and equity instruments to provide growth capital for portfolio companies and in invoice purchasing activities. As at 31 December 2018 it held six equity investments and one structured debt investment. Approximately £2.6m was invested in invoice purchasing activities. The Company needs to increase its focus on invoice purchasing and supply chain finance activities in Australia and in the UK. The Company needs to continue to raise funds in order to remove the risk of being sub scale and delays in this fundraising process may have an impact on the performance of the company's portfolio and cash flows. The longer the period of delay, the greater the likelihood that the company's results of operations will be materially adversely affected. To the extent that there is a delay in raising funds and investing the net proceeds of these fundraising activities. The Company's aggregate return on investments will be reduced and there will not be sufficient distributable reserves to pay dividends to shareholders. Furthermore, there can be no assurance that the board will be successful in implementing the Company's investment objective.

The company will be dependent upon the Board's successful implementation of the company's investment policy and its investment strategies, and ultimately on its ability to create an investment portfolio capable of generating attractive returns. This implementation in turn will be subject to a number of factors, including market conditions and the timing of investments related to market cycles. Many of which are beyond the control of the company and difficult to predict. There can be no assurance that the company will be successful in sourcing suitable growth capital investments.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The directors constantly monitor the financial risks and uncertainties facing the group with particular reference to the exposure of credit risk and liquidity risk. They are confident that suitable policies are in place and that all material financial risks have been considered. The major balances and financial risks to which the company is exposed to and the controls in place to minimise those risks are disclosed. The financial risk management objectives and policies can be found within note 28 of the financial statements. The Board considers and reviews these risks on a strategic and day to day basis in order to minimise any potential exposure.

The Board's objective is to maintain a balance sheet that is both efficient and delivers long term shareholder value. The Group had cash balances of £825,557 at 31 December 2018. The Board continues to monitor the balance sheet to ensure it has an adequate capital structure.

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018

KEY PERFORMANCE INDICATORS

	31.12.18 £'000	31.12.17 £'000
Revenue	1,453	100
Loss for the period	700	149
Cash as at period end	826	297

The board recognises the importance of KPIs in driving appropriate behaviour and enabling of Group performance.

During the year to 31 December 2018 the company has achieved the following key objectives: -

- Listing a £4m Bond on NEX Exchange
- Raising approximately £2.6m and deploying this capital into the business activities of Perennial Enterprise PTY Ltd.
- Increasing focus on invoice purchasing and supply chain finance activities

ON BEHALF OF THE BOARD:

....
B Stockbridge - Director

Date: ....

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2018.

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2018.

FUTURE DEVELOPMENTS
First Sentinel intends to continue to invest in attractive structured debt and equity investments, to expand the invoice purchasing activities of its subsidiary, First Sentinel Perennial Limited and to issue a listed bond on NEX Exchange growth market. Operating costs will be maintained at the minimum level consistent with the Company's status as a publicly quoted company.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

B Stockbridge
M Rice (Resigned 30 April 2019)
S Y Perry
A Freeding
T Dignall
C Maltby - appointed 21 March 2018

FINANCIAL INSTRUMENTS
The company has not entered into any financial instruments during the period to hedge against interest rate or exchange rate risk.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 of the company and the group and of the profit or loss of the group 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 that the financial statements comply with IFRS;
- 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for the maintenance and integrity of the financial information on the company's website.

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 group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS
The auditors, UHY Hacker Young Chartered Accountants, were appointed during the year and will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

....
B Stockbridge - Director

Date: ....

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF FIRST SENTINEL PLC

Opinion

We have audited the financial statements of First Sentinel plc for the year ended 31 December 2018 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation 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 Group and Parent Company's affairs as at 31 December 2018 and of the Group's loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union, 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 Group 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year 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.

Our assessment of risks of material misstatements

We identified the following risks of material misstatement that we believe had the greatest impact on our overall audit strategy and scope, the allocation of resources in the audit, and directing the efforts of the team. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Opening balances This is our first year as auditors of First Sentinel plc and therefore this is a mandatory risk as the entity was not audited by us in the previous year.	The prior year auditor files were reviewed to assess the work undertaken in the previous year's audit. Audit procedures were also undertaken on the key risk areas of the comparative accounts to satisfy ourselves that they were free from material misstatement. During this process we identified two prior year adjustments as set out in note 33 to the financial statements relating to the accounting treatment of derivative financial instruments and the point at which control of Perennial Enterprises Pty Ltd was passed to the Company.
Revenue recognition Auditing standards require that revenue recognition is considered a significant risk unless it may be appropriately rebutted. This is the risk that revenue could be recognised on an inappropriate basis either through error or fraud.	We reviewed the source information of the revenue streams to ensure that revenue has been included properly in the accounting records and that cut-off was correctly applied. Where applicable, revenue streams were recalculated in accordance with the requisite agreements and no issues were noted.
Valuation of financial assets There is a risk that that the other financial assets are not valued appropriately. There is also a risk that the accounting treatment on adoption of IFRS 9 may be incorrect.	We reviewed the supporting documents of listed equity investments to ascertain the number of shares held and the purchase price paid. The closing balances were reviewed and verified against third party sources. We did not identify any material errors in respect of these values. In respect of the derivative structured debt deals we obtained the agreements. We obtained the client's determination of the fair value of these investments and the assumptions were reviewed for reasonableness. These had been held at amortised cost historically and adjustments were agreed to recognise these at their fair value through profit or loss in the prior year and the current year. We are satisfied that there are no material misstatements with respect to the valuation of other financial assets.
Recoverability of trade receivables The trade receivables primarily relate to invoice financing and there is a risk that they are not recoverable and require provisions against them.	Discussions were undertaken with the client over the recoverability of the debtors and any experience of bad debts during the year. Recoverability testing was performed to assess whether a bad debt provision was necessary. From the work performed the trade receivables were considered appropriately stated and no material provision was required.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements.

We define financial statement materiality as the magnitude by which misstatements, including omissions, could influence the economic decisions taken on the basis of the financial statements by reasonable users.

We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Overall materiality	We determined materiality for the financial statements as a whole to be £26,000.
How we determined it	Based on the main key indicators, being an average of 5% of the loss before tax and 4% of net assets.
Rationale for benchmarks applied	We believe the loss before tax and the net asset values are the most appropriate bench marks due to the costs and fair value adjustments incurred in running an investments-based entity financed through both equity and debt.
Performance materiality	On the basis of our risk assessment, together with our assessment of the Group's control environment, our judgement is that performance materiality for the financial statements should be 75% of materiality, amounting to £19,500.

We agreed that we would report to the Audit Committee all misstatements over £1,250 identified during the audit, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

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 judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account an understanding of the structure of the Group, its activities, the accounting processes and controls, and the industry in which they operate. Our planned audit testing was directed accordingly and was focused on areas where we assessed there to be the highest risk of material misstatement. Our Group audit scope includes all of the group companies. At the parent company level, we also tested the consolidation procedures. During the audit we reassessed and re-evaluated audit risks and tailored our approach accordingly.

The audit testing included substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls and the management of specific risk.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the audit.

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 auditors' 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 Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the Parent Company, 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 7, 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 controls 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 Group'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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Other matters

The financial statements of First Sentinel PLC for the period ended 31 December 2017 were audited by another auditor whose report dated 29 May 2018 expressed an unqualified opinion on those statements.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with part 3 of Chapter 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.

Daniel Hutson (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young
Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London
E1W 1YW

June 2019

FIRST SENTINEL PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Year ended 31.12.18 £'000	Period 1.10.16 to 31.12.17 (Restated) £'000
CONTINUING OPERATIONS			
Revenue	4	1,453	100
Cost of sales		(503)	-
GROSS PROFIT		950	100
Other operating income		134	-
Administrative expenses		(1,381)	(284)
OPERATING LOSS		(297)	(184)
Finance costs	7	(611)	(5)
Finance income	4, 7	298	40
LOSS BEFORE INCOME TAX	8	(610)	(149)
Income tax expense	9	(90)	-
LOSS FOR THE PERIOD		(700)	(149)
Loss attributable to:			
Owners of the parent		(793)	(149)
Non-controlling interests		93	-
		(700)	(149)
Loss per share attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share	32	(4.71)p	(1.22)p

The notes on pages 22 to 50 form an integral part of these financial statements

FIRST SENTINEL PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Year ended 31.12.18 £'000	Period 1.10.16 to 31.12.17 (Restated) £'000
LOSS FOR THE YEAR	(700)	(149)
OTHER COMPREHENSIVE LOSS		
Items that will not be reclassified to profit or loss:		
Movement on exchange rate reserve	(111)	-
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX	(111)	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(811)	(149)
Total comprehensive loss/income attributable to:		
Owners of the parent	(903)	(149)
Non-controlling interests	93	-
	(811)	(149)

The notes on pages 22 to 50 form an integral part of these financial statements

FIRST SENTINEL PLC (REGISTERED NUMBER: 10183367)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

	Notes	31.12.18 £'000	31.12.17 (Restated) £'000
ASSETS			
NON-CURRENT ASSETS			
Goodwill	11	88	88
Intangible assets	12	51	53
Property, plant and equipment	13	24	27
		163	168
CURRENT ASSETS			
Trade and other receivables	15	4,279	784
Financial Assets at Fair Value	16	584	1,180
Cash and cash equivalents (excluding overdrafts)	17	826	297
		5,689	2,261
TOTAL ASSETS		5,852	2,429
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities at amortised cost	22	4,722	157
CURRENT LIABILITIES			
Trade and other payables	21	459	952
		459	952
TOTAL LIABILITIES		5,181	1,109
NET ASSETS		671	1,320
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	19	152	142
Share premium	20	1,449	1,310
Share based payment reserve	20	26	13
Foreign exchange reserve	20	(111)	-
Accumulated deficit	20	(954)	(160)
		562	1,304
Non-controlling interests	18	109	16
TOTAL EQUITY		671	1,320

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

....
B Stockbridge - Director

The notes on pages 22 to 50 form an integral part of these financial statements

FIRST SENTINEL PLC (REGISTERED NUMBER: 10183367)

COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

	Notes	31.12.18 £'000	31.12.17 (Restated) £'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	3	-
Investments in subsidiaries	14	122	122
		125	122
CURRENT ASSETS			
Trade and other receivables	15	2,566	131
Investments held at fair value through profit or loss	16	479	1,071
Cash and cash equivalents (excluding overdrafts)	17	212	75
		3,257	1,277
TOTAL ASSETS		3,382	1,399
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities at amortised cost	22	2,788	-
CURRENT LIABILITIES			
Trade and other payables	21	81	95
		81	95
TOTAL LIABILITIES		2,869	95
NET ASSETS		513	1,304
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	19	152	142
Share premium	20	1,449	1,310
Share based payment reserve	20	26	13
Accumulated deficit	20	(1,114)	(161)
TOTAL EQUITY		513	1,304

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

....
B Stockbridge – Director

The notes on pages 22 to 50 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up Share capital £'000	Accumulated deficit £'000	Share Premium £'000	Share based payment Reserve £'000	Foreign Exchange Reserve £'000	Non Controlling interest £'000	Total equity £'000
Balance at 1 October 2016	-	(12)	-	-	-	-	(12)
Changes in equity							
Loss for the period (restated*)	-	(149)	-	-	-	-	(149)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	(149)	-	-	-	-	(149)
Transactions with owners in their capacity as owners							
Issue of share capital in the period	135	-	1,225	-	-	-	1,360
Issue of shares as consideration for a business combination	7	-	85	-	-	-	92
	142	-	1,310	-	-	-	1,452
Other transactions							
Credit relating to equity for equity-settled share-based payments	-	-	-	13	-	-	13
Non-controlling interest on acquisition of subsidiary (restated*) (Note 10)	-	-	-	-	-	16	16
	-	-	-	13	-	16	29
Balance at 31 December 2017 (as restated)	142	(161)	1,310	13	-	16	1,320
Balance at 31 December 2017 as originally presented	142	(211)	1,310	13	-	10	1,264
Correction of errors*	-	50	-	-	-	6	56
Balance at 31 December 2017 (as restated)	142	(161)	1,310	13	-	16	1,320
Changes in equity							
Loss for the period	-	(793)	-	-	-	93	(700)
Other comprehensive income	-	-	-	-	(111)	-	(111)
Total comprehensive income for the period	-	(793)	-	-	(111)	93	(811)
Transactions with owners in their capacity as owners							
Issue of share capital in the period	10	-	139	-	-	-	149
Other transactions							
Credit relating to equity for equity-settled share-based payments	-	-	-	13	-	-	13
Balance at 31 December 2018	152	(954)	1,449	26	(111)	109	671

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*Refer to Note 33 for details of the prior period errors

The notes on pages 22 to 50 form an integral part of these financial statements

FIRST SENTINEL PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up Share capital £'000	Accumulated deficit £'000	Share Premium £'000	Share based payment Reserve £'000	Total equity £'000
Balance at 1 October 2016	-	(12)	-	-	(12)
Changes in equity					
Loss for the period (restated*)	-	(149)	-	-	(149)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	(149)	-	-	(149)
Transactions with owners in their capacity as owners					
Issue of share capital in the period	135	-	1,225	-	1,360
Issue of shares as consideration for a business combination	7	-	85	-	92
	142	-	1,310	-	1,452
Other transactions					
Credit relating to equity for equity-settled share-based payments	-	-	-	13	13
	-	-	-	13	13
Balance at 31 December 2017 (restated*)	142	(161)	1,310	13	1,304
Balance at 31 December 2017 as originally presented	142	(226)	1,310	13	1,239
Correction of errors*	-	65	-	-	65
Balance at 31 December 2017 as restated	142	(161)	1,310	13	1,304
Changes in equity					
Loss for the period	-	(953)	-	-	(953)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	(953)	-	-	(953)
Transactions with owners in their capacity as owners					
Issue of share capital in the period	10	-	139	-	149
Other transactions					
Credit relating to equity for equity-settled share-based payments	-	-	-	13	13
Balance at 31 December 2018	152	(1,114)	1,449	26	513

*Refer to Note 33 for details of the prior period errors

The notes on pages 22 to 50 form an integral part of these financial statements

FIRST SENTINEL PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Year ended 31.12.18 £'000	Period 1.10.16 to 31.12.17 (Restated) £'000
Cash flows from operating activities			
Cash generated from operations	1	(3,445)	(266)
Interest paid		(611)	(5)
Interest Received		298	-
Net cash used in operating activities		(3,758)	(271)
Cash flows from investing activities			
Purchase of tangible fixed assets		(2)	-
Net proceeds from transactions of financial assets at fair value through profit or loss		304	(1,017)
Cash acquired on acquisition of subsidiary		-	222
Net cash generated from/(used in) investing activities		302	(795)
Cash flows from financing activities			
Net proceeds from issue of financial liabilities at amortised cost – loans	22	1,223	-
Net proceeds from issue of financial liabilities at amortised cost – bonds	22	2,788	-
Proceeds from issues of shares	19	64	1,360
Net cash generated from financing activities		4,075	1,360
Taxation		(90)	-
Increase in cash and cash equivalents		529	294
Cash and cash equivalents at beginning of period		297	3
Cash and cash equivalents at end of period	2	826	297

The notes on pages 22 to 50 form an integral part of these financial statements

FIRST SENTINEL PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Year ended 31.12.18 £'000	Period 1.10.16 to 31.12.17 (Restated) £'000
Cash flows from operating activities			
Cash generated from operations	1	(3,172)	(266)
Interest paid		(141)	(5)
Interest received		298	-
Net cash used in operating activities		(3,015)	(271)
Cash flows from investing activities			
Net proceeds from transactions of financial assets at fair value through profit or loss		300	(1,017)
Net cash generated from/(used in) investing activities		300	(1,017)
Cash flows from financing activities			
Proceeds from issue of financial liabilities at amortised cost – bonds	22	2,788	-
Proceeds from issues of shares	19	64	1,360
Net cash generated from financing activities		2,852	1,360
Increase in cash and cash equivalents		137	72
Cash and cash equivalents at beginning of period		75	3
Cash and cash equivalents at end of period	2	212	75

The notes on pages 22 to 50 form an integral part of these financial statements

NOTES TO THE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

Group

	Year ended 31.12.18 £'000	Period 1.10.16 to 31.12.17 (Restated) £'000
Operating Loss	(297)	(184)
Adjustments for:		
Depreciation charges	5	-
Fair value gains and losses	292	(54)
Share based payments	88	13
	88	(225)
Increase in trade and other receivables	(3,591)	(123)
(Decrease)/increase in trade and other payables	58	82
Cash flows from operating activities	(3,445)	(266)

Company

	Year ended 31.12.18 £'000	Period 1.10.16 to 31.12.17 (Restated) £'000
Operating Loss	(1,110)	(184)
Fair value gains and losses	292	(54)
Share based payments	88	13
	(730)	(225)
Increase in trade and other receivables	(2,427)	(123)
(Decrease)/increase in trade and other payables	(15)	82
Cash flows from operating activities	(3,172)	(266)

The notes on pages 22 to 50 form an integral part of these financial statements

NOTES TO THE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. CASH AND CASH EQUIVALENTS

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

	Group		**Company**	
Year ended 31 December 2018				
	31.12.18	1.1.18	31.12.18	1.1.18
	£'000	£'000	£'000	£'000
Cash and cash equivalents	826	297	212	75
Bank overdrafts	-	-	-	-
	826	297	212	75
Period ended 31 December 2017				
	31.12.17	1.10.16	31.12.17	1.10.16
	£'000	£'000	£'000	£'000
Cash and cash equivalents	297	3	75	3

1. STATUTORY INFORMATION

First Sentinel Plc is a public limited company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The principal activities of the Group were that of making investments and invoice purchasing.

The Company is listed on the NEX Growth market.

2. ACCOUNTING POLICIES

Basis of preparation
These financial statements are prepared by and approved by the Directors in accordance with International Financial Reporting Standards, International Accounting Standards and their interpretations issued or adopted by the International Accounting Standards Board as adopted by the European Union ("IFRSs"). The Company's accounting reference date is 31 December.

The principal accounting policies applied by the Group in the preparation of these financial statements are set out below and have been applied consistently.

The financial statements have been prepared on a going concern basis, under the historical cost basis as modified by the fair value of financial assets at fair value through profit and loss, as explained in the accounting policies below, and in accordance with IFRS. Historical cost is generally based on the fair value of the consideration given in exchange for assets

Going Concern
The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The consolidated entity has incurred net losses after tax of £700,000 (31 December 2017 £149,000) and experienced net cash inflows of £529,000 (31 December 2017 £294,000). As at 31 December 2018 the consolidated entity had a surplus of current assets to current liabilities of £5,231,000 and cash assets of £826,000.

The Directors do not consider that there is any significant uncertainty about the ability of the group to continue as a going concern. When assessing the foreseeable future, the directors have looked at the budget for the next 12 months from the date of this report, the cash at bank available as at the date of approval of this report and are satisfied that the group should be able to cover its operational costs and other administrative expenses.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the annual report and financial statements.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an invested entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2. ACCOUNTING POLICIES (continued)

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, then applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Revenue recognition

Revenue represents income from invoice purchasing, commissions and arrangement fees on making investments and loans.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and sales taxes or duty. For invoice purchasing, revenue is recognised upon receipt of the full invoice amount. Other revenue is recognised on an accruals basis when the Group is entitled to it.

Intangible assets and goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is reviewed for impairment at least annually and any impairment is recognised immediately in profit or loss and is not subsequently reversed. Goodwill is deemed to have an indefinite useful life due to the expectation of the acquired business to operate in perpetuity, so is not amortised. Refer to Note 11 for further details.

Goodwill is calculated as the excess of the sum of:
i) the consideration transferred;
ii) any non-controlling interest; and
iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired in a business combination.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest.

The Group can elect to measure the non-controlling interest in the acquiree either at fair value ('full goodwill method') or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The Group determines which method to adopt for each acquisition.

Under the 'full goodwill method', the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available.

2. ACCOUNTING POLICIES - continued

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the group are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Impairment of non-financial assets

At each statement of financial position date, the group reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. ACCOUNTING POLICIES - continued

Property, plant and equipment

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the reducing balance method to write off their cost over their estimated useful lives at the annual rate of 30%.

Useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss in the year in which the asset is derecognised.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Foreign currencies

The functional currency of the Group is Sterling Pound (£) apart from its subsidiary Perennial Enterprises Pty Ltd which is in Australian Dollars (AUD). The presentational currency of the Group is £ because a significant amount of its transactions is in £.

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.

Employee benefit costs

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.

2. ACCOUNTING POLICIES - continued

Financial instruments
The Group recognises financial assets when it becomes party to the contractual provisions of the instrument. The Group manages its investments with a view to profiting from the receipt of fees, interest income and fair value gains upon disposal.

Financial assets of the Company comprise of unlisted equity investments, listed equity investments, structured debt deals and basic loans receivable.

All financial assets are classified as held for trading and therefore recognised as current assets.

Unlisted equity investments, listed equity investments and structured debt deals are recognised at fair value through profit or loss. Basic loans receivable are recognised at amortised cost

Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial liabilities of the company consist of bonds issued and other loans and are recognised at amortised cost.

Impairment of financial assets
For trade receivables and other receivables due in less than 12 months, the Group applies the simplified approach in calculating Expected Credit Losses ("ECL's"), as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date.

For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

Financial assets at amortised cost
The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the company at the statement of financial position date approximated their fair values, due to the relatively short-term nature of these financial instruments.

Trade and other receivables
Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to the initial recognition, trade and receivables and measured at amortised cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Cash and cash equivalents
Cash and cash equivalents comprise of cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Trade and other payables
Trade and other payables are initially recognised at fair value and thereafter stated in amortised cost, except where the payables are interest free loans made by related parties without any fixed repayment terms or the effect of discounting would be immaterial, in which case they are stated at cost.

2. ACCOUNTING POLICIES – continued

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share premium.

Share-based compensation

The fair value of the employee and suppliers' services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The fair value of share-based payments recognised in the income statement is measured by use of the Black Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarked against peer companies in the industry.

New standards, amendments and interpretations issued but not effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the group's financial statements are disclosed below. The group intends to adopt these standards, if applicable, when they become effective.

Reference	Title	Summary	Application date of standard	Application date of company
IFRS 16	Lease	How to recognise, measure, present and disclose leases	Periods commencing on or after 1 January 2019	1 January 2019
IFRS 3	Business combinations	Amendments resulting from Annual Improvements 2015/2017 Cycle	Periods commencing on or after 1 January 2019	1 January 2019
IFRS 11	Joint Arrangements	Amendments resulting from Annual Improvements 2015/2017 Cycle	Periods commencing on or after 1 January2019	1 January 2019
IAS 12	Income taxes	Amendments on income tax consequences of dividends	Periods commencing on or after 1 January 2019	1 January 2019
IAS 23	Borrowing costs	Amendments on borrowing costs eligible for capitalisation	Periods commencing on or after 1 January 2019	1 January 2019

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 group. The group does not intend to apply any of these pronouncements early.

2. ACCOUNTING POLICIES - continued

New and amended standards adopted by the group
The Group applied IFRS 15 and IFRS 9 for the first time from 1 January 2018. The nature and effect of these changes as a result of the adoption of these new standards are described below. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year. Several other amendments and interpretations were applied for the first time in 2018, but did not have an impact on the consolidated financial statements of the Group or the financial statements of the parent company and, hence, have not been disclosed. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 and its related amendments supersede IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations. It applies to all revenue arising from contracts with its customers and became effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. It requires revenue to be recognised when (or as) control of a good or service transfers to a customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires enhanced and extensive disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

Overall impact

The Group's revenue from contracts with customers primarily relate to invoice financing. The Group undertook a comprehensive analysis of the impact of the new revenue standard based on a review of the contractual terms of its principal revenue streams with the primary focus being to understand whether the timing and
amount of revenue recognised could differ under IFRS 15. For all of the Group's revenue streams, the nature and timing of satisfaction of the performance obligations, and, hence, the amount and timing of revenue recognised under IFRS 15, is the same as that under IAS 18. The Group adopted IFRS 15 using the full retrospective method of adoption, however no restatement of comparative information is required due to no prior period revenue from contracts with customers.

Other impacts

The change did not have a material impact on other comprehensive income for the year. There was no net impact on the statement of cash flows. There was no impact on EPS.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Under IFRS 9, there is a change in the classification and measurement requirements relating to financial assets. Previously, there were four categories of financial assets: loans and receivables, fair value through profit or loss, held to maturity and available for sale. Under IFRS 9, financial assets are either classified as amortised cost, fair value through profit or loss or fair value through other comprehensive income.

For debt instruments, the classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. A financial asset can only be measured at amortised cost if both of the following are satisfied:

2. ACCOUNTING POLICIES - continued

• Business model: the objective of the business model is to hold the financial asset for the collection of the contractual cash flows;
• Contractual cash flows: the contractual cash flows under the instrument relate solely to payments of principal and interest.

Overall impact

The Group has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018, however no restatement of comparative information is required. The assessment of the Group's business model was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are SPPI was made based on the facts and circumstances as at the initial recognition of the assets. There are no expected credit losses which have been recorded in the financial statements as management are confident that the full value of the trade receivables will be collected. There was also no impact on hedging as the Group does not apply hedge accounting.

Other impacts

The change did not have a material impact on other comprehensive income for the year. There was no net impact on the statement of cash flows. There was no impact on EPS.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make estimates and assumptions concerning the future that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The resulting accounting estimates will, by definition, differ from the related actual results.

- **Share based payments**
  The fair value of share-based payments recognized in the income statement is measured by use of the Black Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarked against peer companies in the industry. Refer to Note 27 for further details.

- **Trade and other receivables and secured loan notes**
  The receivables at the reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date. A provision of £56,000 has been made as at the year end in respect of amounts owed by related parties. Refer to Note 15 for further details.

- **Valuation of assets held at fair value**
  The valuation of assets held at fair value through profit or loss is a key source of estimation uncertainty. The fair value of an asset or liability is the price that would be received to sell the asset, or paid to transfer a liability in an orderly transaction between market participants. Fair value is determined based on observable market data including market share price at 31 December of the respective entity, discounted cash flow models (and other valuation techniques), where relevant signed sales agreements and assumptions considered to be reasonable and consistent with those that would be applied by a market participant. The determination of assumptions used in assessing the fair value of identifiable assets and liabilities is subjective and the use of different valuation assumptions could have a significant impact on financial results.

4. REVENUE

	Year ended 31.12.2018	**Period from 1.10.16 to 31.12.2017** (Restated)
	£'000	**£'000**
Invoice factoring revenue	1,645	-
Arrangement fees and commissions	100	48
Fair value gains and losses	(292)	52
	1,453	100
Finance Income:		
Interest receivable on secured loan notes	298	40
Total Revenue	1,751	140

5. SEGMENTAL REPORTING

The Group's management has determined the operating segments based on the reports reviewed by the executive directors that are used to make strategic decisions. They consider the business from a geographical perspective and the group has two reportable segments, the UK and Australia. The Group's main lines of business are that of making investments and invoice purchasing.

The UK segment derives its revenue from making investments and charging arrangement fees and commissions to its customers, who are primarily businesses seeking to raise finance.

The Australian segment is a Sydney-based, debtor finance/factoring business with a focus towards the crash repair, labour-hire and mining industries. By purchasing their clients' invoices they generate invoice factoring revenue.

2018	**UK**	**Australia**	**Total**
	£'000	£'000	£'000
Reportable revenue	(192)	1,645	1,453
Revenue from external customers	(192)	1,645	1,453
Cost of sales	-	(503)	(503)
Operational expenditures (staff, office, professional fees, administration costs)	(918)	(326)	(1,244)
Depreciation	-	(3)	(3)
Interest expense	(141)	(470)	(611)
Interest income	298	-	298
Tax expense	-	(90)	(90)
Loss	(953)	253	(700)
Trade and other receivables	2,566	4,087	6,653
Investments held at fair value through profit or loss	479	105	584
Investments held at amortised cost			
Cash and cash equivalents	212	614	826
Other reportable segment assets	125	68	192
Total segment assets	3,382	4,874	8,255
Intersegment eliminations	(2,491)	-	(2,491)
Goodwill			88
Consolidated total assets			5,852
Reportable segment liabilities	2,869	4,680	7,549
Intersegment eliminations		(2,368)	(2,368)
Consolidated total liabilities			5,181

5. SEGMENTAL REPORTING (continued)

2017 (Restated)	UK	Australia	Total
	£	£	£
Reportable revenue	100	-	100
Revenue from external customers	100	-	100
Cost of sales	-	-	-
Operational expenditures (staff, office, professional fees, administration costs)	(284)	-	(284)
Interest expense	(5)	-	(5)
Interest income	40	-	40
Loss	(149)	-	(149)
Trade and other receivables	126	658	784
Investments held at fair value through profit or loss	1,071	109	1,180
Cash and cash equivalents	75	222	297
Other reportable segment assets	126	76	202
Total segment assets	1,398	1,065	2,463
Intersegment eliminations	(122)	-	(122)
Goodwill			88
Consolidated total assets			2,429
Reportable segment liabilities	95	1,014	1,109
Consolidated total liabilities			1,109

6. EMPLOYEES AND DIRECTORS

	Year ended 31.12.18 £'000	Period 1.10.16 to 31.12.17 (Restated) £'000
Wages and salaries	517	51
Social security costs	19	-
Other pension costs	30	-
	566	51

The average number of employees during the year was as follows:

	Year ended 31.12.18	Period 1.10.16 to 31.12.17
Directors	3	4
Admin	2	-
	5	4

	Year ended 31.12.18 £'000	Period 1.10.16 to 31.12.17 (Restated) £'000
Directors' remuneration and fees	268	71
Directors share based payments charge	13	10
Directors pension costs	-	-

Information regarding the highest paid director for the year ended 31 December 2018 is as follows:

	Year ended 31.12.18 Remuneration and fees £'000	Year ended 31.12.18 Share based Payments £'000	Year ended 31.12.18 Total £'000	Period 1.10.16 to 31.12.17 Remuneration and fees £'000	Period 1.10.16 to 31.12.17 Share based Payments £'000	Period 1.10.16 to 31.12.17 Total £'000
B Stockbridge	67	4	71	20	4	24
A Freeding	52	4	56	20	4	24
C Maltby	62	4	66	-	-	-
T Dignall	18	1	19	9	2	11
M Rice	18	-	18	9	-	9
S Perry	51	-	51	13	-	13
	268	13	281	71	10	81

The directors consider key management to comprise solely of the directors.

7. NET FINANCE COSTS

	Year ended 31.12.18 £'000	Period 1.10.16 to 31.12.17 (Restated) £'000
Finance income:		
Interest received on financial assets held at amortised cost	298	40
Finance costs:		
Fair value losses on financial assets held at fair value through profit or loss	(5)	9
Bank interest	476	5
Amortised cost on Bonds	140	-
	611	15
Net finance costs / (income)	313	(25)

8. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging:

	Year ended 31.12.18 £'000	Period 1.10.16 to 31.12.17 (Restated) £'000
Auditors' remuneration paid to auditors of the company	18	4
Auditors' remuneration paid to other auditors	10	6
Foreign exchange differences	23	44

9. INCOME TAX

Analysis of tax expense

	Year ended 31.12.18 £'000	Period 1.10.16 to 31.12.17 (Restated) £'000
Foreign tax paid	90	-
Total tax expense in consolidated statement of profit or loss	90	-

9. INCOME TAX - continued

Factors affecting the tax expense

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

	Year ended 31.12.18	Period 1.10.16 to 31.12.17 (Restated)
	£'000	£'000
Loss before income tax	(610)	(149)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	(116)	(28)
Effects of:		
Expenses not deductible for tax purposes	93	10
Increase in tax losses carried forward	72	18
Profits generated in Australia and effect of taxation at a higher rate of 27%	(48)	-
Capital allowances	(1)	-
Foreign tax paid	90	-
Tax expense	90	-

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2018 nor for the period ended 31 December 2017. Deferred tax assets of £170,000 (2017: £28,000) have not been recognised in respect of £893,000 (2017: £149,000) tax losses and other temporary differences giving rise to deferred tax assets as the directors believe there is uncertainty whether the assets are recoverable. The effective tax rate used is the standard UK corporation tax rate as this is deemed to provide the most meaningful information to users of these financial statements.

10. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £953,000 (2017: 149,000 (restated)).

11. GOODWILL

Group

	£'000
COST	
At 1 October 2016	-
Additions (restated)	88
As at 31 December 2017 (restated)	88
NET BOOK VALUE	
As at 31 December 2017 (restated)	88
COST	
Additions	-
As at 31 December 2018	88
NET BOOK VALUE	
As at 31 December 2018	88

11. GOODWILL - continued

Group

The goodwill has been entirely allocated to the Australian subsidiary, Perennial Enterprises Pty Ltd. For the 2018 and 2017 reporting periods, the recoverable amount of the cash generating units (CGUs) was determined based on cash flow projections based on financial budgets approved by management covering a two year period.

The directors and management have considered and assessed reasonably possible changes in key assumptions and have not identified any instances that could cause the carrying amount of the goodwill to exceed its recoverable amount.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. The assets have been allocated for impairment testing purposes to the individual businesses acquired which are also the CGU identified. The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections based on financial budgets approved by the Directors. The projections are based on the assumption that the company can realise projected sales. A prudent approach has been applied with no residual value being factored into these calculations. If the projected sales do not materialise there is a risk that the total value of the intangible assets shown above would be impaired.

Goodwill is assessed annually for impairment. At the period end based on these assumptions there is no indication of impairment of the value of goodwill.

On 1 December 2017 the Group entered in to an agreement to purchase 80% of the equity interests of Perennial Enterprises Pty Ltd, an invoice purchasing company, for consideration of £104,000 comprising of the following components:

- the issue of 707,937 of new ordinary shares in the Company allotted at a price of 13p per share
- options to purchase a number of shares that represent 4% of the issued ordinary share capital of the Company, at the time the option holder gives notice to exercise the option, at a subscription price of 13p each
- the issue of 250,000 A class shares of 0.1p each in First Sentinel Perennial Limited which gave the shareholders the right to all profits from the activities of First Sentinel Perennial Limited provided that the Company has received a sum equivalent to or in excess of an amount representing 10 per cent of the capital invested by it into First Sentinel Perennial Limited.

In the prior year the group was treated as acquiring control on 1 December 2017 but this has been restated (Refer to Notes 14 and 33) so that the group acquired control on 31 December 2017. £16,000 of the consideration has been allocated to the fair value of the net identifiable assets and liabilities acquired resulting in goodwill of £88,000 (originally presented as £92,000 in the prior year) for intangible assets that do not qualify for separate recognition. The goodwill includes customer loyalty, staff know how, reputation and relationships with contractors and suppliers.

11. **GOODWILL - continued**

Group

	Book value	Adjustments	Fair Value
	£	£	£
Intangible fixed assets	53	-	53
Tangible fixed assets	27	-	27
Financial assets	87		87
Trade and other receivables	658	-	658
Cash	222	-	222
Trade and other payables	(858)	-	(858)
Borrowings	(157)	-	(157)
Total net assets	32	-	32
Non-controlling interests			(16)
Goodwill			88
Fair value of consideration			104

The amount of the non-controlling interest in the acquiree recognised at the acquisition date was £16,000 and was measured using the 'proportionate interest method'. The amounts of revenue and profit of the acquired since the acquisition date included in the consolidated statement of income for the prior period is disclosed in note 5 under Australia. If the acquisition had occurred at the start of the prior period, the combined entity would have had revenue of £1,317,000 and a net loss of £259,000 of which £132,000 would have been attributable to the ordinary equity holders of the company.

12. INTANGIBLE ASSETS

Group

	Factoring business £'000
COST	
At 1 January 2018	53
Exchange differences	(2)
At 31 December 2018	51
NET BOOK VALUE	
At 31 December 2018	51
At 31 December 2017	53

The Factoring Business relates to goodwill on acquisition of an external business, purchased by Perennial Enterprise Pty Ltd prior to its acquisition by the Group.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
COST			
At 1 January 2018	53	-	53
Additions	-	-	-
Disposals	-	-	-
Exchange differences	-	-	-
At 31 December 2018	53	-	53
DEPRECIATION			
At 1 January 2018	26	-	26
Charge for the year	3	-	3
Exchange differences	-	-	-
At 31 December 2018	29	-	29
NET BOOK VALUE			
At 31 December 2018	24	-	24
At 31 December 2017	27	-	27

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Fixtures and fittings £'000
COST	
At 1 October 2016 and 1 January 2018	-
Additions	3
At 31 December 2018	3
DEPRECIATION	
At 1 October 2016 and 1 January 2018	-
Charge for the year	-
At 31 December 2018	-
NET BOOK VALUE	
At 31 December 2018	3
At 31 December 2017	-

14. INVESTMENTS IN SUBSIDIARIES

Company

	Shares in group undertakings £'000
COST	
At 1 January 2018 and 31 December 2018	122
NET BOOK VALUE	
At 31 December 2018	122
At 31 December 2017	122

14. INVESTMENTS IN SUBSIDIARIES - continued

As at 31 December 2018, the Company held the following subsidiaries:

Name of company	Principal activities	Country of incorporation and place of business	Shareholding held
First Sentinel Perennial Limited	Holding company	United Kingdom	100%
Perennial Enterprises Pty Ltd	Invoice factoring	Australia	51%

On 1 December 2017 the Group entered in to an agreement to purchase 80% of the equity interests of Perennial Enterprises Pty Ltd ('Perennial'), an invoice purchasing company, for consideration of £104,000 comprising of the following components:

• the issue of 707,937 of new ordinary shares in the Company allotted at a price of 13p per share
• options to purchase a number of shares that represent 4% of the issued ordinary share capital of the Company, at the time the option holder gives notice to exercise the option, at a subscription price of 13 each
• the issue of 250,000 A class shares of 0.1p each in First Sentinel Perennial Limited ('First Sentinel Perennial')

The equity interests were acquired in two tranches with 10% being acquired directly by the Company in exchange for the issue of the new shares and the options (as detailed above). The remaining 70% was acquired by First Sentinel Perennial in exchange for the issue of the 250,000 A shares of 0.1p. These A shares provided the seller with the economic rights to 90% of Perennial. IFRS 10 Consolidated Financial Statements require an investor to have control over its investees in order to consolidate their results. Control requires the rights and ability to direct the investees activities, exposure to rights to variable returns from its investee and the ability to use its power over the investee to affect the amount of the investor's returns. The issue of the 250,000 A shares in First Sentinel Perennial limited the return available to the Group so that it was not exposed to the rights to variable returns. Accordingly Perennial Enterprises Pty Ltd was not a subsidiary at the time of the initial purchase.

There had always been an intention between the parties that the Group would ultimately acquire 51% of the ordinary shares of Perennial and the initial structure of the acquisition was designed to be a temporary measure until the previous owner of Perennial was satisfied that the Group would be able to list a bond and therefore finance the growth in the company and ultimately Perennial. The parties agreed that by 31 December 2017 that this had been achieved and from that date determined that the Company controlled Perennial and had 51% of the ordinary shares, voting rights and right to the returns. This was formalised later in 2018 when the parties exchanged 29% of the ordinary shares held in Perennial for all 250,000 A class shares in First Sentinel Perennial.

In the prior year the controlling interest was accounted for as being 20% and this has been restated to 49% as per Note 33.

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	31.12.18	31.12.17 (Restated)
	£'000	£'000
Assets	4,686	1,047
Liabilities	325	(1,015)
Profit for the period	189	35
Net cash in/(out) flow	393	(46)
Profit for the period allocated to non-controlling interests during the period	93	-
Accumulated non-controlling interests as at the end of the period	108	16

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.18	31.12.17 (Restated)	31.12.18	31.12.17 (Restated)
	£'000	£'000	£'000	£'000
Current:				
Trade debtors	3,748	658	-	-
Amount owed by group undertaking	-	-	2,369	-
Amounts owed by related parties	126	109	127	109
Other debtors	177	10	63	15
Other loans	221	-	-	-
Prepayments	7	7	7	7
	4,279	784	2,566	131

The carrying value of trade and other receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements and they are neither past due nor impaired other than amounts owed to related parties for which a provision of £56,000 has been made as at the year end.

16. INVESTMENTS

	Group		Company	
	31.12.18	31.12.17 (Restated)	31.12.18	31.12.17 (Restated)
	£'000	£'000	£'000	£'000
Financial Assets at Fair Value				
Structured debt derivatives	72	463	72	463
Equity securities	512	717	407	608
Total financial assets	584	1,180	479	1,071

The carrying value of secured loans is considered a reasonable approximation of fair value due to the short-term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each loan, less the value of the assets pledged by the issuers of the loan notes and they are neither past due nor impaired.

The fair values of equity securities are determined through Level 1 inputs from quoted market prices and for unquoted equity securities from Level 3 inputs.

Financial Assets at Fair Value	Group		Company	
	31.12.18	31.12.17 (Restated)	31.12.18	31.12.17 (Restated)
	£'000	£'000	£'000	£'000
Brought forward	1,180	-	1,071	-
Net Additions / (Disposals)	(304)	1,104	(300)	1,017
Fair value gains/(losses)	(292)	76	(292)	54
Carried forward	584	1,180	479	1,071

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	31.12.18	31.12.17	31.12.18	31.12.17
	£'000	£'000	£'000	£'000
Bank accounts	826	297	212	75

18. NON-CONTROLLING INTERESTS

In prior year the non-controlling interest holding in Perennial Enterprise Pty Ltd was accounted as 20% and this has been restated to 49% as per Note 33. The non-controlling interest in the group's profit for the prior period has been restated from £3,000 to £Nil and the total non-controlling interest balance carried forward has been restated from £10,000 to £16,000 as at 31 December 2017.

The non-controlling interest in the net assets of Perennial Enterprise Pty Ltd as at 1 January 2018 was £16,000, and the non-controlling interest in the group's profit for the year was £93,000. This produced a total non-controlling interest balance of £109,000 at the balance sheet date.

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.18 £'000	31.12.17 £'000
15,246,770	Ordinary	£0.01	152	142

	Authorised number of shares	Number of shares	Share capital £'000	Share premium £'000
As at 1 January 2018	-	14,158,740	141	1,310
Share issue at £0.13 – 21 March 2018	-	538,030	5	65
Share issue at £0.15 – 4 June 2018	-	500,000	5	70
Share issue at £0.10 – 15 November 2018	-	50,000	1	4
As at 31 December 2018	-	15,246,770	152	1,449

Ordinary shares are classified as equity. Proceeds from issuance of ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share premium.

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.

20. RESERVES

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Share based payment reserve represents the cumulative amounts charged in respect of unsettled warrants and options issued.

Foreign exchange reserve comprises of foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into £.

Accumulated deficits includes all current and prior period losses.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.18	31.12.17	31.12.18	31.12.17
	£'000	£'000	£'000	£'000
Trade creditors	252	75	8	8
Amounts owed to related parties	6	19	6	18
Social security and other taxes	110	80	12	3
Other creditors	-	35	-	-
Net wages	-	-	-	50
Loans	-	554	-	-
Accrued expenses	34	15	17	9
Directors' current accounts	57	174	38	6
	459	952	81	94

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

22. NON-CURRENT FINANCIAL LIABILITIES HELD AT AMORTISED COST

	Group		Company	
	31.12.18	31.12.17	31.12.18	31.12.17
	£'000	£'000	£'000	£'000
Bonds	2,788	-	2,788	-
Loans	1,934	157	-	-
	4,722	157	2,788	-

The Company announced on 1 February 2018 that it intended to issue up to £4,000,000 sterling denominated 7.0% Secured Bonds due 28 February 2023, to be admitted to trading on the NEX Exchange Growth Market. The Bonds are redeemable each year, and at a 5% premium if held to maturity. During the year to 31 December 2018 £2,788,000 were issued. A first floating charge over the proceeds of the issue of the bonds to the extent held by the Company in cash from time to time prior to being advanced to Perennial Enterprises Pty Ltd has been given as security to the bondholders.

23. FINANCIAL LIABILITIES

Group	31.12.18	31.12.17
Loans from various parties	£'000	£'000
Due within 1 year	-	558
Due within 1-2 years	-	39
Due within 2-5 years	1,933	118
	1,933	715

Group	31.12.18	31.12.17
Loans from various parties	£'000	£'000
Current	-	558
Non-current	1,933	157
	1,933	715

The financial liabilities above have been measured at amortised cost and relate to non-bank loans from various parties with interest rates varying from 7% - 24% per annum. The loans are non-current and have terms expiring in 2021 and 2022.

24. OTHER FINANCIAL COMMITMENTS

The Group has total unrecognised contractual commitments of £33,650 (2017: £10,000) in relation to a rental agreement that expires within the next year.

25. RELATED PARTY DISCLOSURES

During the period and as at the period end the Group had the following related party transactions and balances:

	Transaction total for 31.12.18 £'000	Balance as at 31/12/18 £'000	Transaction total for 31.12.17 £'000	Balance as at 31.12.17 £'000
First Sentinel Advisory Limited*	36	23	(30)	(13)
First Sentinel Corporate Limited*	4	47	-	43
First Sentinel Investments Limited*	-	(6)	-	(6)
NQ Minerals Plc*	-	-	43	-
Yumchaa Holdings Plc*	(52)	56	1	66
Directors loans	-	57	-	174
Directors loans – Company only	-	38	-	6

*The companies are all related parties as Brian Stockbridge is a director or shareholder and is in a position of significant influence. First Sentinel Advisory Limited provided legal services and shared costs. First Sentinel Corporate Finance Limited and First Sentinel Investments Limited involved shared costs. NQ Minerals Plc and Yumchaa Holdings Plc related to interest bearing loans. A bad debt provision of £56,000 has been recognised for Yumchaa Holdings Plc during the period.

Key management remuneration is disclosed in Note 6. As at the end of the period, the company owed non-executive director fees of £nil (2017: £3,000) to T Dignall and Sheetland Advisory Ltd, a company under the significant influence of M Rice.

26. ULTIMATE CONTROLLING PARTY

No one shareholder has control of the company.

27. SHARE-BASED PAYMENT TRANSACTIONS

On 15 March 2017 the Company granted warrants to subscribe for new ordinary shares over 25% of the enlarged issued share capital of the Company at the time of exercise to some of the directors, at a price of 10p each for a 5 year term. The number of warrants issued to the directors has therefore increased on each occasion that ordinary shares have been issued during the current and prior periods.

On 15 March 2017 additional warrants were granted to the shareholders and corporate adviser in their capacity as shareholders and were exercisable at 10p each over terms of 5 and 7 years respectively.

On 1 December 2017 Company granted options to subscribe for new ordinary shares over 4% of the enlarged issued share capital of the Company at the time of exercise to Shane Perry as part of the consideration paid to acquire Perennial Enterprises Pty Ltd, at a price of 13p each for a 2 year term.

On 20 June 2018 the Company granted warrants to subscribe for new ordinary shares over 0.32% of the enlarged issued share capital of the Company at the time of exercise to some of the directors, at a price of 13p each for a 5 year term. The number of warrants issued to these directors has therefore increased on each occasion that ordinary shares have been issued during the current period.

The fair values of the above options and warrants issued in the period were derived using the Black Scholes model and the share based expense incurred in the Group's profit and loss for the period was £13,000.

The following assumptions were used in the calculations:

Grant dates	Director warrants granted 01/01/18 to 15/11/18	Director warrants granted on 20/06/18	Director warrants granted 15/03/17 to 04/12/17	01/12/2017
Exercise price	10p	13p	10p	13p
Share price at grant date (average)	14p	14p	10p	13p
Risk-free rate (average)	1.63%	1.63%	0.2%	0.6%
Volatility (average)	25%	25%	25%	25%
Expected life (average)	3.25 years	3.25 years	2 years	2 years
Fair value (average)	1.95p	0.54p	0.27p	0.37p

Expected volatility is based on a conservative estimate for a NEX listed entity. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

27. **SHARE-BASED PAYMENT TRANSACTIONS (continued)**

Conversion of options and warrants

Each warrant and option converts into one ordinary share of the company on exercise. No amounts are paid or payable by the recipient on receipt of the option and the company has no legal obligation to repurchase or settle the options in cash. The warrants carry neither rights to dividends nor voting rights prior to the date on which the options are exercised. Warrants may be exercised at any time from the date of vesting to the date of expiry.

Movements in the number of share options and warrants outstanding and their related weighted average exercise prices are as follows, on the assumption that all the warrant holders with percentage based warrants simultaneously exercise all of their of warrants:

	Number of options/warrants		Average exercise price	
	31.12.18	31.12.17 (Restated)	31.12. 18	31.12.17 (Restated)
	No.	No.	£	£
Outstanding at the beginning of the year	10,265,719	-	0.10	-
Granted during the year	1,939,608	10,265,719	0.10	0.10
Forfeited/cancelled during the year	-	-	-	-
Exchanged for shares	-	-	-	-
Outstanding at the end of the year	12,205,327	10,265,719	0.10	0.10

The share options and warrants outstanding at the period end were all exercisable and had a weighted average remaining contractual life of 3.25 years (2017 – 4.25) and the maximum term is 7 years. The exercise prices range from 10p to 13p.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments comprise cash balances and receivables and payables that rise directly from its operations.

The main risks the group faces are foreign currency risk, interest risk, liquidity risk, market risk and capital risk.

The board regularly reviews and agrees policies for managing each of these risks. The Group's policies for managing these risks are summarised below and have been applied throughout the period. The numerical disclosures exclude short-term debtors and their carrying amount is considered to be a reasonable approximation of their fair value.

Foreign currency risk
The Group is exposed to movement in foreign currency exchange rates arising from normal trading transactions that are denominated in currencies other than the respective functional currencies of the Group entities, primarily with respect to United States dollars and Australian dollars. The group does not currently have a policy to hedge its exposure to foreign currency exchange risk. The gains or losses disclosed in Note 8 are equivalent to a sensitivity analysis and indicate how the profit or loss is affected by changes in foreign currency exchange rates.

Interest risk
The Group is not exposed to significant interest rate risk as it has fixed rates of interest-bearing liabilities at the period end.

Credit risk
The group is exposed to significant credit risk from its loans and receivables if underlying borrowers fail to make repayments or default.

The Board of Directors manages credit risk by using secured Debt instruments with collateral where possible and by reviewing the credit worthiness of counterparties prior to making loans and credit sales. The carrying amounts of trade and other receivables, secured loan notes and cash and bank balances represent the Group's maximum exposure to credit risk in relation to financial assets.

Cash and bank balances, including fixed deposits are placed with reputable financial institutions.

Liquidity risk
Liquidity risk is the risk that the group will encounter difficulty in meeting these obligations associated with financial liabilities.

The responsibility for liquidity risks management rest with the Board of Directors, which has established appropriate liquidity risk management framework for the management of the group's short term and long-term funding risks management requirements.

During the period under review, the Group has utilised various borrowing facilities and their carrying amount is a reasonable approximation of their fair value.

The group manages liquidity risks by maintaining adequate reserves and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Market risk
The group is exposed to market risk from its financial assets in equity securities, the prices of which can fluctuate as they are determined by reference to quoted market prices. The fair value gains or losses disclosed in Note 16 are equivalent to a sensitivity analysis and indicate how the profit or loss is affected by changes in market prices.

The group manages market risk through portfolio diversification and by closely monitoring its investment strategies.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital risk

The group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

30. FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	31.12.18	31.12.17 (Restated)	31.12.18	31.12.17 (Restated)
	£'000	£'000	£'000	£'000
Financial assets measured at amortised cost:				
Secured loan notes	-	-	-	-
Trade receivables	3,748	658	2,369	-
Other receivables	525	119	190	119
Cash and cash equivalents	826	297	212	75
	5,099	1,074	2,771	194
Financial assets measured at fair value through profit or loss:				
Equity securities	584	1,180	479	1,071
	584	1,180	479	1,071
Financial liabilities measured at amortised cost:				
Trade payables	252	75	8	8
Other payables	207	323	73	86
Non-bank loans	4,722	711	-	-
	5,148	1,109	81	94

Refer to notes 15, 16, 21, 22, 23 and 28 for further details about gains, losses fair values, credit exposure and risk management relating to financial instruments.

31. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year-end, the following changes within the Group's structure occurred:

- On 29 May 2019 the Company invested £50,000 to control 50.1% of Capable Finance Limited which was incorporated on 14 January 2019 in order to operate supply chain finance operations in the UK. Of the remaining shares in Capable Finance Limited, 39.9% is owned by the Company's directors, Brian Stockbridge, Tom Dignal, Colin Maltby and Aimee Freeding who each subscribed for £10,000
- On 30 April 2019, Mattie Rice resigned as a director of the Company

32. BASIC AND DILUTED LOSS PER SHARE

The basic loss per share is calculated by dividing the loss attributable to shareholders by the weighted average number of shares outstanding during the period.

	Loss £	Weighted average number of shares	Loss per share pence
2018			
Basic and diluted EPS			
Loss attributable to ordinary shareholders	(699,967)	14,876,326	(4.71)
2017 (Restated)			
Basic and diluted EPS			
Loss attributable to ordinary shareholders	(148,709)	12,157,662	(1.22)

Basic and diluted earnings per share are not different, since when a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation. As at 31 December 2018 there were 12,205,327 (2017: 10,265,719) outstanding options and share warrants, which are potentially dilutive.

33. PRIOR YEAR ADJUSTMENTS

The comparatives have been retrospectively adjusted for the correction of prior periods errors in relation to:

- structured debt derivatives were previously classified as financial assets at amortised cost but should have been treated as financial assets at fair value through profit or loss and a fair value gain of £61,000 was not previously recognised. The impact of this has been to reduce the loss for prior period by £61,000 and to increase financial assets at fair value by £61,000.

- the date on which control of the subsidiary, Perennial Enterprises Pty Ltd, was acquired was previously accounted for as at 1 December 2017 with non controlling interests of 20%.

  Although the Company agreed to purchase Perennial Enterprises Pty Ltd on 1 December 2017, it did not acquire the rights to variable economic rights, and therefore control as defined under IFRS 10, until 31 December 2017.

  This has been retrospectively corrected with an acquisition date of 31 December 2017 and non controlling interests of 49%. This has reduced the consolidated loss for the prior period by £11,000 and increased the non controlling interest as at the prior period end by £6,000 (Group). Goodwill has also been restated from £92,000 to £88,000 as at the prior period end.

  Refer to Note 14 for further details about the date control was acquired.