Group Annual Report and Financial Statements
for the period ended 31 December 2019

for

FIRST SENTINEL PLC

First Sentinel Plc

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For the period ended 31 December 2019

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First Sentinel Plc

Company Information

For the period ended 31 December 2019

Directors:	Brian Stockbridge (CEO) Aimee Ayn Freeding (Executive Director) Shane Young Perry (Non-executive Director) Thomas Bryce Dignall (Non-executive Director) Colin Neil Maltby (Executive Director)
Secretary:	First Sentinel Advisory Limited
Registered number:	10183367 (England & Wales)
Registered office:	Ground Floor, 72 Charlotte Street, London, England, W1T 4QQ
Auditors:	MAH, Chartered Accountants 2nd Floor, 154 Bishopsgate, London EC2M 4LN
Corporate Advisers:	Beaumont Cornish Limited 10th Floor 30 Crown Place London EC2A 4EB
Registrars:	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD
Website Address:	www.first-sentinel.com

First Sentinel Plc

Chairman’s Statement

For the period ended 31 December 2019

I present the results for First Sentinel plc, for the year ended 31 December 2019.

During 2019 the Company continued to focus on its invoice purchasing and supply chain finance activities. The Company listed a bond of up to £7m on Euronext Dublin and set up the systems, controls and procedures necessary to operate its UK supply chain finance business. During the year, the Company raised approximately £1.7m and deployed capital into its subsidiaries, Capable Finance Limited and Perennial Enterprise PTY Ltd.

We remain focused on creating long-term sustainable value for our shareholders through the provision of corporate lending, invoice purchasing and supply chain finance activities in Australia and in the UK, as well as equity investments.

OUTLOOK

The twelve months to 31 December 2019 have seen the establishment of the Company’s UK supply chain finance business via its subsidiary, Capable Finance Limited. A bond of up to £7m was successfully listed on Euronext Dublin to finance this activity. The challenge for the Company remains in achieving scale and the focus will be on increasing the supply chain finance customer base and on suitable corporate lending opportunities.

COVID-19

Notwithstanding the current market developments in relation to the spread of COVID-19 and its impact on the global economy, the Group has confidence in its business continuity arrangements. Currently, staff are working remotely and where needed, all business meetings are held using video conferencing platforms . The Group sees that for the foreseeable future, this will now be standard operational practice. The Group does not believe that the COVID-19 outbreak or will have a significant impact on its business and that it does not represent a material uncertainty about the entity's ability to continue as a going concern

Brian Stockbridge
30 July 2020

First Sentinel Plc

Strategic Report

For the period ended 31 December 2019

Principal activity and fair review of the 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.

Key Performance Indicators

	Year to 31 December 2019 £'000	**Year to 31 December 2018 £'000**
Revenue	**1,440**	1,453
Loss for the period	**767**	700
Cash as at 31 December 2019	**1,255**	826

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

During the year to 31 December 2019 the company has achieved a number of key objectives which continue to build shareholder value. These include:-

- Listing bond of up to £7m on Euronext Dublin
- Raising approximately £1.7m and deploying this capital into the business activities of Perennial Enterprise PTY Ltd and Capable Finance Ltd.
- Increasing focus on invoice purchasing and supply chain finance activities

First Sentinel Plc

Strategic Report

For the period ended 31 December 2019

Principal risks and uncertainties

The company has invested primarily in its supply chain finance and invoice purchasing activities and in corporate debt to provide growth capital for portfolio companies and returns to Company shareholders. 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.

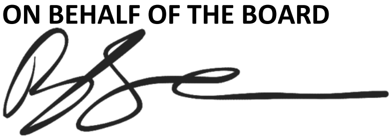
Financial and Capital Risk Management
The directors constantly monitor the financial risks and uncertainties facing the group with particular reference to the exposure of credit risk and liquidity risk. They are confident that suitable policies are in place and that all material financial risks have 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 26 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 £1,255,000 at 31 December 2019. The Board continues to monitor the balance sheet to ensure it has an adequate capital structure.

Dividends
No dividends will be distributed for the period ended 31 December 2019.

Future Developments
First Sentinel intends to continue to invest in attractive structured debt investments, to expand the invoice purchasing activities of its subsidiaries. Operating costs will be maintained at the minimum level consistent with the Company's status as a publicly quoted company.

ON BEHALF OF THE BOARD



Brian Stockbridge
CEO/Director
30 July 2020

First Sentinel Plc

Directors’ Report

For the year ended 31 December 2019

The directors present their report and the audited financial statements for the period ended 31 December 2019.

Results and dividends
The trading results and the Company’s financial position at the end of the period are shown in the attached financial statements.

The Directors have not recommended a dividend.

Directors
The following directors have held office:

Brian Stockbridge
Aimee Ayn Freeding
Shane Young Perry
Thomas Bryce Dignall
Colin Neil Maltby
Matthew Rice (Resigned 30 April 2019)

Directors’ Remuneration
The directors are entitled to receive relevant fees, as detailed in the directors’ remuneration in Note 5.

Directors and their interests
The directors of the group held the following beneficial interests in the shares and warrants of First Sentinel Plc as at 28 July 2020:

	Issued Share Capital		Warrants	
	Ordinary shares of £0.01 each	Percentage Held	Shareholder Warrants Held	Director Warrants* Held
B Stockbridge	514,947	1.96%	514,947	10%
A Freeding	514,947	1.96%	514,947	10%
S Perry	707,937	2.69%	Nil	4%
T Dignall	272,727	1.03%	Nil	5%
C Maltby	500,000	1.90%	Nil	10%

* The Director Warrants are exercisable over Shares representing the above percentages of the enlarged issued share capital of the Company at the time of exercise and are exercisable for a period of five years from Admission.

First Sentinel Plc

Directors' Report

For the year ended 31 December 2019

Substantial Shareholdings
Substantial shareholdings greater than 3% as at 28 July 2020 were as follows:

	Issued Share Capital	
	Ordinary shares of £0.01 each	Percentage Held
Winterflood Securities Limited	951,376	3.61%
A Easdale	4,000,000	15.19%
J Easdale	4,000,000	15.19%

Financial risk and management of capital

The major balances and financial risks to which the company is exposed to and the controls in place to minimise those risks are disclosed.

A description of how the company manages its capital is also disclosed in note 26.

The Board considers and reviews these risks on strategic and day to day basis in order to minimise any potential exposure.

Strategic Report
In accordance with section 414C(11) of the companies Act 2006 the company chooses to report the review of the business, the future outlook and the risks and uncertainties faced by the company in the Strategic Report.

A review of the business of the Group, together with comments on future developments is also given in the Chairman's Statement on page 2.

Financial Instruments

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

Events After The Reporting Period
Refer to note 28 to the financial statements for further details.

Publication Of Accounts On Group Website
Financial statements are published on the group's website. The maintenance and integrity of the website is the responsibility of the directors. The directors' responsibilities also extend to the financial statements contained therein.

Going Concern
The Directors, having made appropriate enquiries, consider that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

Auditors
The auditors, MAH, Chartered Accountants were appointed during the year and have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Company and parent 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 (IFRS) as adopted for use in the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the European Union
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors confirms that, to the best of their knowledge, the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

First Sentinel Plc

Directors' Report

For the year ended 31 December 2019

Statement of disclosure to auditors

Each person who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

ON BEHALF OF THE BOARD

Brian Stockbridge

30 July 2020

Independent Auditor's Report to the Members of

First Sentinel Plc

For the period ended 31 December 2019

Opinion
We have audited the financial statements of First Sentinel Plc for the period ended 31 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, company statement of financial position, company statement of changes in equity, company statement 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, and as regards to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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.

In our opinion:
- the financial statements give a true and fair view of the state of the group and company's affairs as at 31 December 2019 and of the group's loss for the period then ended;
- the group and parent company financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditor’s Report to the Members of

First Sentinel Plc

For the period ended 31 December 2019

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 period and include the most significant assess risks of material misstatement (whether or 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.

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.
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 reviewed the available documentation. We obtained the client’s determination of the fair value of these investments and the assumptions were reviewed for reasonableness. 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.

Independent Auditor's Report to the Members of

First Sentinel Plc

For the period ended 31 December 2019

Our application of materiality
Materiality for the group was set at £50,000 and for the company it was set at £30,000.

This has been calculated based on a combination of 5% of the profit or loss before taxation for the period, 2.5% of turnover and 1% of gross assets, which we have determined, in our professional judgement to be the principal benchmarks within the financial statements relevant to members of the Company in assessing financial performance of the Group and Company.

We report to the Directors all corrected and uncorrected misstatements we identified through our audit with a value in excess of £5,000 for the group and £3,000 for the company, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

An overview of the scope of our audit
We tailored the scope of our audit to ensure that we were able to give our audit opinion on the financial statements of First Sentinel Plc taking into account the nature of the Group's activities, the Group's risk profile, the accounting processes and controls, and the environment in which the Group operates.

We designed our audit to ensure that we obtain sufficient and appropriate audit evidence in respect of:

- The significant transactions and balances;
- Other items, which, irrespective of size, are perceived as carrying a significant level of audit risk whether through susceptibility to fraud, or other reasons;
- The appropriateness of the going concern assumption used in the preparation of the financial statements.

We performed a full scope audit of the First Sentinel Plc. A separate firm of auditors performed a full scope audit of the Australian subsidiary, Perennial Enterprises Pty Ltd, according to our group audit instructions and we reviewed their full audit file and communicated with them in accordance with ISA 600.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of

First Sentinel Plc

For the period ended 31 December 2019

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept 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 the directors
As explained more fully in the directors' responsibilities statement set out on pages 5 to 8, the directors are responsible for the preparation of group's and parent's financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report to the Members of

First Sentinel Plc

For the period ended 31 December 2019

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:

https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi

This description forms part of our auditor's report.

Mohammed Haque
Senior Statutory Auditor

For and on behalf of
MAH Chartered Accountants
Statutory Auditors
154 Bishopsgate
London
EC2M 4LN

Date: 30 July 2020

First Sentinel Plc

Consolidated Statement of Comprehensive Income

For the period ended 31 December 2019

	Notes	Period ended 31 December 2019 £'000	Period ended 31 December 2018 £'000
Revenue	**4**	1,440	1,453
Cost of sales		(89)	(503)
Gross profit		1,351	950
Administrative expenses	**7**	(1,534)	(1,381)
Other operating income		33	134
Operating loss		(150)	(297)
Finance costs	**6**	(587)	(611)
Finance income	**6**	33	298
Loss before tax		(704)	(610)
Tax	**8**	(63)	(90)
Loss for the period		(767)	(700)
Other comprehensive income		-	-
Total comprehensive loss for the period		(767)	(700)
Loss and total comprehensive loss attributable to:			
- Owners of the company		(855)	(793)
- Non-controlling interests		88	93
		(767)	(700)
Loss per share attributable to the owners of the company:			
Basic & Diluted loss per share - pence	**9**	(4.24)p	(4.71)p

The notes on pages 23 to 55 form part of these financial statements

First Sentinel Plc

Consolidated Statement of Financial Position

For the period ended 31 December 2019

	Notes	As at 31 December 2019	As at 31 December 2018
ASSETS		**£'000**	**£'000**
Non-current assets			
Intangibles	**11**	48	51
Goodwill	**11**	88	88
Property, plant & equipment	**12**	54	24
Right of use Asset	**18**	131	-
		321	163
CURRENT ASSETS			
Trade and other receivables	**15**	5,730	4,279
Other financial assets	**14**	242	584
Cash and cash equivalents	**16**	1,255	826
		7,228	5,689
TOTAL ASSETS		7,549	5,852
EQUITY			
Shareholders' Equity			
Called up share capital	**17**	213	152
Share premium	**17**	2,097	1,449
Share based payment reserve	**24**	131	26
Foreign exchange reserve		(245)	(111)
Accumulated deficit		(1,809)	(954)
Non-controlling interest		245	109
Total Equity		632	671
LIABILITIES			
Current liabilities			
Trade and other payables	**19**	2,259	459
		2,259	459
Non - current liabilities			
Financial liabilities	**20**	4,530	4,722
Other Payables	**20**	128	-
TOTAL LIABILITIES		4,658	4,722
TOTAL EQUITY AND LIABILITIES		7,549	5,852

These financial statements were approved and authorised for issue by the Board of Directors on 30 July 2020 and were signed on its behalf by:

Brian Stockbridge
Director

Company Registration no. 10183367

The notes on pages 23 to 55 form part of these financial statements

First Sentinel Plc

Consolidated Statement of Changes in Equity

For the period ended 31 December 2019

	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 31 December 2017	142	(161)	1,310	13	-	16	1,320
Loss for the period	-	(793)	-	-	-	93	(700)
Other comprehensive income	-	-	-	-	(111)	-	(111)
	-	(793)	-	-	(111)	93	(811)
Issue of shares	10	-	139	-	-	-	149
Credit relating to equity for equity settled	-	-	-	13	-	-	13
Balance at 31 December 2018	152	(954)	1,449	26	(111)	109	671
Loss for the period	-	(855)	-	-	-	88	(767)
Other comprehensive income	-	-	-	-	(134)	-	(134)
Total comprehensive income for the period	-	(855)	-	-	-	88	(901)
Issues of shares during the year	61	-	648	-	-	-	709
Non controlling Interest share of net assets on acquisition	-	-	-	-	-	48	48
Share based payments charge for the year	-	-	-	105	-	-	105
Balance at 31 December 2019	213	(1,809)	2,097	131	(245)	245	632

The notes on pages 23 to 55 form part of these financial statements

First Sentinel Plc

Notes to the Consolidated Statement of Cash Flows

For the period ended 31 December 2019

	Notes	Period ended 31 December 2019 £'000	Period ended 31 December 2018 £'000
Cash flows from operating activities			
Cash (utilised) / generated by operations	**1**	(1,433)	(3,445)
Interest paid		(577)	(611)
Interest elements of lease payments		(10)	
Interest Received		33	298
Net cash outflow from operating activities		(1,987)	(3,758)
Cash flows from investing activities			
Net proceeds from transactions of financial assets at fair value through profit or loss		239	304
Purchases of property, plant and equipment		(41)	(2)
Acquisition of subsidiary		(50)	-
Net cash inflow from investing activities		148	302
Cash flows from financing activities			
Proceeds from issues of shares		709	64
Net proceeds from issue of financial liabilities at amortised cost - loans		10	1,223
Net proceeds from issue of financial liabilities at amortised cost - bonds		1,742	2,788
Principal elements of lease payments		(97)	-
Net cash inflow from financing activities		2,364	4,075
Taxation		(96)	(90)
Increase/(decrease) in cash and equivalents		429	529
Cash and cash equivalents at beginning of period		826	297
Cash and cash equivalents at end of period		1,255	826

The notes on pages 23 to 55 form part of these financial statements

First Sentinel Plc

Notes to the Consolidated Statement of Cash Flows

For the period ended 31 December 2019

1. Reconciliation of loss before income tax to cash outflow from operations

	Period ended 31 December 2019 £'000	Period ended 31 December 2018 £'000
Operating loss	(150)	(297)
Increase in trade and other receivables	(1,514)	(3,591)
Decrease / (Increase) in trade and other payables	(143)	58
Other adjustments:		
Depreciation Charge	113	5
Share based payments expense	105	88
Fair value gains and losses	156	292
Net cash outflow from operations	1,433	(3,445)

2. Cash and Cash Equivalents

	Period ended 31 December 2019 £'000	Period ended 31 December 2018 £'000
Cash and cash equivalents	1,255	826

The notes on pages 23 to 55 form part of these financial statements

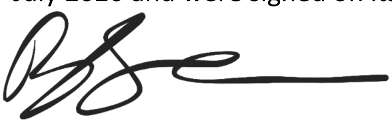
First Sentinel Plc

Company Statement of Financial Position

As at 31 December 2019

	Notes	As at 31 December 2019 £'000	As at 31 December 2018 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	**12**	10	3
Investments	**13**	172	122
Right-of-use of asset	**18**	8	
		190	125
CURRENT ASSETS			
Trade and other receivables	**15**	4,034	2,566
Other financial assets	**14**	137	479
Cash and cash equivalents	**16**	642	212
		4,814	3,257
TOTAL ASSETS		5,003	3,382
EQUITY			
Shareholders' Equity			
Called up share capital	**17**	213	152
Share Premium	**17**	2,097	1,449
Share Based payment reserve	**24**	131	26
Accumulated deficit		(2,086)	(1,114)
Total Equity		355	513
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	**19**	118	81
		118	81
Non-Current Liabilities			
Financial liabilities at amortised cost	**20**	4,530	2,788
TOTAL LIABILITIES		4,648	2,869
TOTAL EQUITY AND LIABILITIES		5,003	3,382

These financial statements were approved and authorised for issue by the Board of Directors on 30 July 2020 and were signed on its behalf by:



Brian Stockbridge
Director
Company Registration no. 10183367

The notes on pages 23 to 55 form part of these financial statements

First Sentinel Plc

Company Statement of Changes in Equity

For the period ended 31 December 2019

	Called up Share capital £'000	Accumulated deficit £'000	Share Premium £'000	Share based payment Reserve £'000	Total equity £'000
Balance at 31 December 2017	142	(161)	1,310	13	1,304
Loss for the year	-	(953)	-	-	(953)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	(953)	-	-	(953)
Issue of share capital	10	-	139	-	149
Credit relating to equity for equity settled				13	
Balance at 31 December 2018	152	(1,114)	1,449	26	513
Loss for the year	-	(972)	-	-	(972)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	(972)	-	-	(972)
Issues of shares during the year	61	-	648	-	709
Share based payments charge	-	-	-	105	105
Balance at 31 December 2019	213	(2,086)	2,097	131	355

The notes on pages 23 to 55 form part of these financial statements

First Sentinel Plc

Company Statement of Cash Flows

For the period ended 31 December 2019

	Notes	Period ended 31 December 2019 £'000	Period ended 31 December 2018 £'000
Cash flows from operating activities			
Cash utilised by operations	**1**	(2,280)	(3,172)
Interest paid		(342)	(141)
Interest received		495	298
Interest elements of lease payments		(5)	-
Net cash outflow from operating activities		(2,132)	(3,015)
Cash flows from investing activities			
Net Proceeds from transactions of financial assets at fair value through profit or loss		240	300
Acquisition of subsidiaries		(50)	
Purchases of financial assets		(11)	-
Net cash inflow from investing activities		179	300
Cash flows from financing activities			
Share issues		709	64
Proceeds from issue of financial liabilities at amortised cost – bonds		1,742	2,788
Principal elements of lease payments		(68)	-
Net cash inflow from financing activities		2,383	2,852
Increase in cash and equivalents		430	137
Cash and cash equivalents at beginning of period		212	75
Cash and cash equivalents at end of period	**14**	642	212

Refer to Note 11 for details of non-cash transactions in relation to business combinations in the period.

The notes on pages 23 to 55 form part of these financial statements

First Sentinel Plc

Notes to the Company Statement of Cash Flows

For the period ended 31 December 2019

1. Reconciliation of loss before income tax to cash generated from operations

	Period ended 30 December 2019 £'000	Period ended 31 December 2018 £'000
Operating Profit/(loss)	(1,121)	(1,110)
(Increase)/decrease in trade and other receivables	(1,510)	(2,427)
(Decrease)/increase in trade and other payables	(2)	(15)
Share based payments expense	106	88
Depreciation	66	-
Fair value gains and losses	182	292
Net cash outflow from operations	(2,280)	(3,172)

2. Cash and Cash Equivalents

	As at 31 December 2019 £'000	As at 31 December 2018 £'000
Cash and cash equivalents	642	212

The notes on pages 23 to 55 form part of these financial statements

1. General Information

First Sentinel Plc (the "Company") is a public limited company incorporated and domiciled in England and Wales. Details of the registered office, the officers and advisers to the company are presented on the company information page at the start of this report. The Company is listed on the AQSE Growth market.

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

The consolidated financial statements comprised of the Company and its subsidiaries (together referred to as "the Group") as at and for the 12 month period to 31 December 2019. The parent Company financial statements present information about the Company as a separate entity and not about its Group.

2. Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the period presented unless otherwise stated.

Statement of compliance

The consolidated financial statements of First Sentinel Plc have been prepared in accordance with International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations (collectively 'IFRSs') as adopted for use in the European Union and as issued by the International Accounting Standards Board and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Basis of preparation

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 statements have been prepared on the assumption that the company is a going concern. When assessing the foreseeable future, the directors have looked at the budget for the next 18 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, quoted maintenance costs and other administrative expenses.

The Directors note that the World Health Organisation declared a pandemic relating to COVID-19 on 11 March 2020, and social distancing measures were introduced in the UK during March 2020. The Directors have assessed the impact of incorporating additional COVID-19 risk factors in the Going Concern assessment over a period of 18 months after the signing of these financial statements.

Key assumptions considered by management when assessing going concern include adjusting managements best estimate of forecasted performance for factors including the length and extent of current lockdown restrictions, the resulting general business environment and the speed of

2. Accounting Policies (continued…)

Going concern (continued…)

recovery of trading after lockdown restrictions ease. These have been estimated for their respective impacts on the Group's revenues, fixed and variable costs and resultant expected cash flow requirements.

The Group's forecasts and projections, taking into account a reasonable estimate of a possible downturn in trading performance arising from the COVID-19 outbreak, show that the Company has sufficient financial resources for the going concern period. The Company does not believe that the COVID-19 outbreak represents a material uncertainty about the entity's ability to continue as a going concern. Accordingly, the Directors have adopted the going concern basis in preparing these consolidated 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 31st December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee 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.

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 IAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

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 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

New and amended standards adopted by the group
IFRS 16 was adopted by the Group during the year as it was effective from 1 January 2019.

IFRS 16, which has superseded IAS 17 “Leases” and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

First Sentinel Plc

Notes to the Financial Statements

For the period ended 31 December 2019

2. Accounting Policies (continued…)

New and amended standards adopted by the group (continued…)

The Group has assessed that its lease arrangements have met the definition of a lease under IFRS 16, and hence the Group has recognised a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value of short-term leases upon the application of IFRS 16. These are disclosed further in note 18.

Other than IFRS 16 as discussed above, there was no significant impact from other amendments, new standards and new interpretations adopted during the year.

The impact of the standards not yet effective on the financial statements is expected to be insignificant. The effect of all other new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material. The Directors will continue to monitor the effect of this and should the effect become material, more detailed notes will be provided.

New Standards, amendments and interpretations issued but not effective

Reference	Title	Summary	Application date of standard	Application date of Company
IFRS 17	Insurance Contracts	IFRS 17 *Insurance* published	Periods commencing on or after 1 January 2021	1 January 2021

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.

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.

2. Accounting Policies (continued…)

Foreign currency
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 £.

Transactions entered by the Group's entities in a currency other than the reporting currency are recorded at the rates ruling when the transaction occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Exchange differences arising on the re-translation of outstanding monetary assets and liabilities are also recognised in the income statement.

Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax
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.

Tax is recognised in the income statement or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

(ii) Deferred tax
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

2. Accounting Policies (continued…)

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions. The company's primary reporting format is determined by the geographical segment according to the location of its establishments.

Investments

Investments in subsidiaries are held at cost less any impairment.

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.

2. Accounting Policies (continued…)

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.

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.

2. Accounting Policies (continued…)

Impairment of non-financial assets (continued…)

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.

Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cash flows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

Capital management

Capital is made up of stated capital, premium and retained earnings. The objective of the group's capital management is to ensure that it maintains strong credit ratings and capital ratios. This will ensure that the business is correctly supported and shareholder value is maximised.

The group manages its capital structure through adjustments that are dependent on economic conditions. In order to maintain or adjust the capital structure, the company may choose to change or amend dividend payments to shareholders or issue new share capital to shareholders. There were no changes to the objectives, policies or processes during the period ended 31 December 2019.

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 capital.

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.

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.

2. Accounting Policies (continued…)

Intangible assets and goodwill (continued)

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.

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 straight line method to write off their cost over their estimated useful lives at the following annual rates:

Plant and Equipment	15% - 33%

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.

2. Accounting Policies (continued…)

Critical accounting judgments 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 24 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. No impairment has been provided at the period end. 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. Refer to Note 14 for further details.

First Sentinel Plc

Notes to the Financial Statements

For the period ended 31 December 2019

3. 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.

For the period ended 31 December 2019:	**UK** £'000	**Australia** £'000	**Total** £'000
Segment revenue and results			
Reportable revenue	(104)	1,544	1,440
Revenue from external customers	(104)	1,544	1,440
Cost of Sales	-	(89)	(89)
Other income	-	33	33
Operational expenditures (staff, office, professional fees, administration costs)	(932)	(490)	(1,422)
Depreciation and amortisation	(66)	(47)	(113)
Interest expense	(350)	(236)	(586)
Interest income	32	1	33
Tax expense	-	(63)	(63)
Intersegment revenues/costs	464	(464)	-
Profit / (Loss)	(956)	189	(767)
Segment assets and liabilities			
Reportable segment assets	5,547	6,039	11,586
Intersegment eliminations	(4,125)	-	(4,125)
Goodwill			88
Consolidated total assets			7,549
Reportable segment liabilities	5,069	5,583	10,652
Intersegment eliminations	-	(3,735)	(3,735)
Consolidated total liabilities			6,917

First Sentinel Plc

Notes to the Financial Statements

For the period ended 31 December 2019

3. Segmental Reporting (continued)

For the period ended 31 December 2018:	UK £'000	Australia £'000	Total £'000
Segment revenue and results			
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 and amortisation	-	(3)	(3)
Interest expense	(141)	(470)	(611)
Interest income	298	-	298
Tax expense	-	(90)	(90)
Profit / (Loss)	(953)	253	(700)
Segment assets and liabilities			
Reportable 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

4. Revenue

Revenue from continuing operations:

	Period ended 31 December 2019 £'000	Period ended 31 December 2018 £'000
Invoice factoring revenue	1,596	1,645
Arrangement fees and commissions	-	100
Fair value gains and losses	(156)	(292)
	1,440	1,453
Finance Income:		
Interest receivable on financial assets held at amortised cost	33	298
Total Revenue	1,473	1,751

First Sentinel Plc

Notes to the Financial Statements

For the period ended 31 December 2019

5. Employees and Directors

	Period ended 31 December 2019 £'000	Period ended 31 December 2018 £'000
Wages and salaries	713	517
Social security costs	18	19
Other pension costs	35	30
	766	566

The average monthly number of employees during the period was as follows:

	Period ended 31 December 2019 No.	Period ended 31 December 2018 No.
Directors	5	3
Administration	7	2
	12	5

	Period ended 31 December 2019 £'000	Period ended 31 December 2018 £'000
Directors' remuneration and fees	320	268
Directors' share based payments	105	13
Total emoluments	425	281
Emoluments paid to the highest paid director	117	71

5. Employees and Directors (continued)

Directors' remuneration

Details of emoluments received by Directors of the Group for the period ended 31 December 2019 are as follows:

	Period Ended 31 December 2019			Period Ended 31 December 2018		
	Remuneration and fees £'000	Share based Payments (non-cash) £'000	Total £'000	Remuneration and fees £'000	Share based Payments (non-cash) £'000	Total £'000
B Stockbridge	75	42	117	67	4	71
A A Freeding	60	42	102	52	4	56
C Maltby	75	-	75	62	4	66
S Y Perry	88	-	88	51	-	51
T B Dignall	16	21	37	18	1	19
M Rice	6	-	6	18	-	18
Total	320	106	425	268	13	281

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

6. Net Finance costs

	Period ended 31 December 2019 £'000	Period ended 31 December 2018 £'000
Finance income:		
Interest received on financial assets held at amortised cost	33	298
Finance costs:		
Fair value losses on financial assets at fair value through profit or loss	-	(5)
Amortised cost on loans and borrowings	240	476
Amortised cost on Bonds	342	140
Other interest	5	-
	587	611
Net finance costs	554	313

First Sentinel Plc

Notes to the Financial Statements

For the period ended 31 December 2019

7. Expenses – analysis by nature

The operating result is stated after charging the following items within administrative expenses:

	Period ended 31 December 2019 £'000	Period ended 31 December 2018 £'000
Auditor remuneration - audit fees (Company only £12,000 (2018: £18,000))	32	28
Auditor remuneration – non audit fees	4	-
Share based payments charge	105	13
Depreciation on assets owned or with right of use	113	3
Net foreign exchange losses	13	23

8. Income Tax

	Period ended 31 December 2019 £'000	Period ended 31 December 2018 £'000
Current tax	63	90
Total taxation	63	90

8. Income Tax (continued)

Analysis of tax expense

The reconciliation of the tax expense and the product of the accounting loss multiplied by the effective rate is as follows:

	Period ended 31 December 2019 £'000	Period ended 31 December 2018 £'000
Loss on ordinary activities before taxation	(704)	(610)
Tax at the effective rate of 19% (2018: 19%)	(134)	(116)
Effects of:		
Expenses not deductible for tax purposes	32	93
Increase in tax losses carried forward	84	72
Profits generated in Australia and effect of taxation at a higher rate of 27%	63	90
Capital Allowances	(2)	(1)
Other adjustments	20	(48)
Total taxation	63	90

No liability to UK corporation tax arose on ordinary activities for the period ended 31 December 2019 nor for the period ended 31 December 2018. Deferred tax assets of £222,000 (2018: £170,000) have not been recognised in respect of £1,170,000 (2018: £893,000) of 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.

9. Earnings per Share

Basic earnings per share is calculated by dividing the earnings attributable shareholders by the weighted average number of ordinary shares outstanding during the period.

Reconciliations are set out below:

	Earnings £'000	Weighted average Number of shares	Loss per-share Pence
2019			
Basic and diluted EPS			
Earnings attributable to ordinary shareholders	(767)	18,073,929	4.24
2018			
Basic and diluted EPS			
Earnings attributable to ordinary shareholders	(700)	14,876,326	4.71

Basic and diluted earnings per share are different, since where 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 2019 there were 10,254,237 (2018: 12,205,327) outstanding share warrants, which are potentially dilutive.

10. Company's result for the period

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Company income statement account.

The loss for the parent Company for the period was £972,000 (2018: £953,000).

11. Intangible assets

Group	Goodwill £'000	Factoring business £'000	Total £'000
Cost			
At 1 January 2019	88	51	139
Exchange differences	-	(3)	(3)
At 31 December 2019	88	48	136
Amortisation			
At 1 January 2019	-	-	-
Amortisation charge for the year	-	-	-
At 31 December 2019	-	-	-
Carrying amount			
At 31 December 2019	88	48	136
At 31 December 2018	88	51	139

The goodwill has been entirely allocated to the Australian subsidiary, Perennial Enterprises Pty Ltd.

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 cash-generating units ("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.

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.

First Sentinel Plc

Notes to the Financial Statements

For the period ended 31 December 2019

12. Property, plant and equipment

	Group Fixture and fittings £'000	Group Totals £'000	Company Fixture and fittings £'000	Company Totals £'000
Cost				
At 1 January 2019	53	53	-	-
Additions	41	41	14	14
At 31 December 2019	94	94	14	14
Depreciation				
At 1 January 2019	29	29	-	-
Charge for the year	11	11	4	4
At 31 December 2019	40	40	4	4
Carrying amount				
At 31 December 2019	54	54	10	10
At 31 December 2018	24	24	-	-

13. Investments in associate undertakings

Company

	£'000
Cost	
At 1 January 2019	122
Additions	50
	172
Carrying amount	
At 31 December 2019	172
At 31 December 2018	122

13. Investments in associate undertakings (continued)

As at 31 December 2019, the Company held the following subsidiaries:

Name of company	Principal activities	Country of incorporation and place of business	Proportion of equity interest of ordinary shares
First Sentinel Perennial Ltd	Holding company	United Kingdom	100%
Perennial Enterprises Pty Ltd	Invoice factoring	United Kingdom	51%
Capable Finance Ltd	Invoice factoring	United Kingdom	51%
New Leaf Capital Ltd	Dormant in 2019	United Kingdom	100%

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.

Perennial Enterprises Pty Ltd and Capable Finance Ltd are both non-wholly owned subsidiaries that have a material controlling interest with 49% of their ordinary shares held by non-controlling interests.

Perennial Enterprises Pty Ltd	**Period ended 31 December 2019 £'000**	**Period ended 31 December 2018 £'000**
Assets	6,039	4,686
Liabilities	5,583	325
Profit for the period	164	189
Net cash inflow	8	393
Profit for the period allocated to non-controlling interests during the period	80	93
Accumulated non-controlling interests as at the end of the period	186	108

Capable Finance Ltd	**Period ended 31 December 2019 £'000**	**Period ended 31 December 2018 £'000**
Assets	541	-
Liabilities	425	-
Profit for the period	16	-
Net cash inflow	18	-
Profit for the period allocated to non-controlling interests during the period	8	-
Accumulated non-controlling interests as at the end of the period	57	-

14. Other financial assets

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Financial assets at fair value:				
Structured debt derivatives	-	72	-	72
Equity securities	242	512	137	407
Total financial assets	242	584	137	479

The carrying value of the secured loans within structured debt derivatives 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 quoted equity securities are determined through Level 1 inputs from quoted market prices and for unquoted equity securities from Level 3 inputs.

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Financial assets at fair value:				
Brought forward	584	1,180	479	1,071
Net additions / (Disposals)	(186)	(304)	(160)	(300)
Fair value gains / (losses)	(156)	(292)	(182)	(292)
Total financial assets	242	584	137	479

15. Trade and other Receivables

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade receivables	4,712	3,748	-	-
Other receivables	1,012	524	4,027	2,559
Prepayments	7	7	7	7
	5,731	4,279	4,034	2,566

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.

16. Cash and Cash Equivalents

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Cash and bank balances	1,255	826	642	212

17. Called Up Share Capital and reserves

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 capital.

Allotted, called up and fully paid ordinary shares of £0.01 each	Number of shares	Share Capital	Share Premium
		£	£
Incorporation on 17 May 2016	100	1	-
Balance at 31 December 2018	15,246,770	152,468	1,449,000
Share issue at £0.14 – 30 August 2019	421,429	4,214	54,786
Share issue at £0.15 – 23 September 2019	1,666,667	16,667	233,333
Share issue at £0.10 – 25 October 2019	4,000,000	40,000	360,000
Balance at 31 December 2019	21,334,866	213,349	2,097,119

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.

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

Share premium represents amounts subscribed for share capital in excess of nominal value, net of expenses.

Accumulated deficit represents the cumulative losses of the group attributable to the owners of the company.

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 the presentation currency.

18 Leases

	Group Land and buildings 2019 £'000	Company Land and buildings 2018 £'000
Amount recognised in the balance sheet:		
Right-of-use assets:		
At 1 January 2019	-	-
Additions	225	69
Depreciation	(94)	61
At 31 December 2019	131	8
Lease liabilities:		
At 1 January 2019		
Additions	225	69
Interest accrued during the year	10	5
Payment (cash outflow for leases in 2019)	(108)	(74)
At 31 December 2019	127	-
Lease liabilities are presented under:		
Current liabilities	31	-
Non-current liabilities	96	-
	127	-
Amount recognised in the Profit and loss:		
Depreciation charge of Right-of-use assets:	94	61
Interest expenses	10	5
	104	66

In the previous year, the Group only recognised lease assets and lease liabilities in relation to any leases that were classified as "finance leases" under IAS 17 Leases, however there were no such finance leases in 2018. Accordingly no comparatives are presented for 2018 as the figures would all be £nil.

The Group has lease contracts for leasehold land and buildings used in its operations. Lease of leasehold land and buildings generally have lease terms between 1 and 3 years. The Group's obligations under its leases are secured by the lessor's title to the lease asset. Generally the Group is restricted from assigning and subleasing the leased assets. Lease contracts may sometimes include extension and termination options and variable lease payments. Where the Group has leases of leasehold land and buildings with lease terms of 12 months or less it applies the "short-term lease" recognition exemptions for these leases.

19. Trade and other payables

Current:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£'000	**£'000**	**£'000**	**£'000**
Trade Payables	114	252	6	8
Accrued expenses	31	34	19	17
Amount due to directors	50	57	50	38
Tax and other social security	54	110	-	12
Other payables	35	6	43	6
Short term lease liabilities	31	-	-	-
Borrowings	1,944	-	-	-
Total trade and other payables	2,259	459	118	81

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.

20. Non-Current liabilities

Non-Current Financial liabilities held at amortised cost:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£'000	**£'000**	**£'000**	**£'000**
Bonds	4,530	2,788	4,530	2,788
Borrowings	-	1,934	-	-
	4,530	4,722	4,530	2,788

Non-Current Other payables:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£'000	**£'000**	**£'000**	**£'000**
Long Term Lease liabilities	96	-	-	-
Other payables	32	-	-	-
	128	-	-	-

20. Non-Current liabilities (continued)

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 AQSE Exchange Growth Market. The Bonds are redeemable each year, and at a 5% premium if held to maturity. During the year to 31 December 2019 £658,000 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.

The Company announced on 27 June 2019 that it intended to issue up to £7,000,000 sterling denominated 7.5% Secured Bonds due 31 May 2024, to be admitted to trading on Euronext Dublin. The Bonds are redeemable each year. During the year to 31 December 2019 £1,083,000 were issued. A 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 Capable Finance Ltd and any invoices receivable, purchased with the funds raised from the bonds, assigned by Capable Finance to the Company from time to time, has been given as security to the bondholders.

21. Financial liabilities

Group **Loans from various parties**	**2019** **£'000**	**2018** **£'000**
Due within 1 year	1,944	-
Due within 1-2 years	-	-
Due within 2-5 years	4,530	1,933
	6,474	1,933

Group **Loans from various parties**	**2019** **£'000**	**2018** **£'000**
Current	1,944	-
Non-current	4,530	1,933
	6,474	1,933

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% - 15% per annum.

22. Related Party Disclosures

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

2019

Related Party	**Revenue / (Purchases)**	**Balance due from / (owed to) at 31/12/19**	**Nature of transactions**
Company and Group			
First Sentinel Advisory Limited*	-	27	Interest free current account balance
First Sentinel Corporate Finance Limited*	(13)	31	Commissions payable and Interest free current account balance
First Sentinel Investments Limited*	-	(4)	Interest free current account balance
NQ Minerals Plc*	13	-	Interest and fees on loan fully repaid during the year
Director loans	-	(50)	Interest free current account balance
Additional for Group only:			
NQ Minerals Plc*	169	99	Interest and fees on loan balance
PND Civil**	426	1,901	Interest and fees on loan balance
George Perry**	(4)	(53)	Interest and fees on loan balance
Theodore Perry**	(33)	(369)	Interest and fees on loan balance
Director loans	-	32	Interest free current account balance

22. Related Party Disclosures (continued)

2018

Related Party	**Revenue / (Purchases)**	**Balance due from / (owed to) at 31/12/18**	**Nature of transactions**
Company and Group			
First Sentinel Law Limited*	36	23	Legal services and shared costs
First Sentinel Corporate Finance Limited*	4	47	Shared costs
First Sentinel Investments Limited*	-	(6)	Shared costs
NQ Minerals Plc*	-	-	Interest and fees on loan fully repaid
Director loans	-	57	Interest free current account balance
Director loans – Company only	-	38	Interest free current account balance

*The companies are all related parties as Brian Stockbridge is a director or shareholder and was in a position of significant influence during the year.
**Shane Perry is a shareholder of PND Civil and George and Theodore Perry are his close family members.

Key management remuneration is disclosed in Note 5.

23. Ultimate Controlling Party

No one shareholder has control of the company.

24. Share options and warrants

Share based payments

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 Company granted options to subscribe for new ordinary shares over 10% of the enlarged issued share capital of the Company at the time of exercise to Colin Maltby (an Executive Director of the Company), at a price of 13p each for a 5-year term.

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 £105,000.

The following assumptions were used in the calculations for director warrants issued in the period:

Grant date	30/08/2019	23/09/2019	25/10/2019
Exercise price	10p	10p	10p
Share price at grant date	14p	16.5p	25p
Risk-free rate	0.37%	0.42%	0.47%
Volatility	25%	25%	25%
Expected life	2.5 years	2.5 years	2.5 years
Fair value	1.43p	2.44p	6.74

Expected volatility is based on a conservative estimate for a AQSE 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.

24. Share options and warrants (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**	
	2019	**2018**	**2019**	**2018**
	No.	No.	£	£
Outstanding at the beginning of the period	12,205,327	10,265,719	0.10	0.10
Granted during the year	2,048,910	1,939,608	0.10	0.10
Forfeited/cancelled during the year	-	-	-	-
Exchanged for shares	(4,000,000)	-	0.10	-
Outstanding at the end of the period	10,254,237	12,205,327	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 2.25 years (2018 – 3.25) and the maximum term is 6 years. The exercise prices range from 10p to 13p.

25. Financial commitments

The Group has total contractual commitments of £25,000 in relation to a rental agreement that expires with £6,000 due within one year and £19,000 due between one and five years. The present value of minimum lease payments is £25,000.

26. Financial Risk Management Objectives and Policies

The Group's financial instruments comprise cash balances and receivables and payables that arise 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.

26. Financial Risk Management Objectives and Policies (continued)

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 7 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 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 14 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.

26. 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.

27. Financial instruments by category

	Group		Company	
	2019	**2018**	**2019**	**2018**
	£'000	**£'000**	**£'000**	**£'000**
Financial Assets measured at amortised cost				
Trade receivables	4,712	3,748	-	2,369
Other receivables	1,012	525	4,027	190
Cash and cash equivalents	1,255	826	642	212
	6,979	5,099	4,669	2,771
Financial Assets measured at fair value through profit or loss				
Equity securities	242	584	137	479
	242	584	137	479
Financial Liabilities measured at amortised cost				
Trade payables	114	252	6	8
Other payables	298	207	93	73
Non-bank loans	6,474	4,722	4,530	-
	2,387	5,148	4,629	81

Refer to notes 4, 6, 14, 15, 19 and 20 for further details about gains, losses fair values, credit exposure and risk management relating to financial instruments.

28. Post Balance Sheet Events

After the year the Company raised ordinary share capital of approximately:

1) 24/01/2020: £220,000

2) 05/03/2020: £183,000

3) 19/03/2020: £389,000

4) 16/04/2020: £152,000

5) 29/05/2020: £117,000

On 25 February 2020 the company raised £233,000 from the transfer of bonds held in treasury.

After the year end the Company has raised £396,000 from the initial tranches of Green Finance Preference Shares issued.

After the year end the Company has made the following investments:

1) Vulcan Industries Plc: £234,000 invested in equity and a loan facility provided of upto £500,000 at 12% interest per annum. They are a UK based company that consolidates traditional but historically profitable engineering, manufacturing and industrial SMEs for value and enhances this value through group scale synergies.

2) Stabilitech Biopharma Limited: £270,000 invested in equity. They are a UK based biotechnology company developing next generation vaccines and biopharmaceuticals.

3) Ridercam Systems Limited: loan facilities provided up to £660,000 at 12% interest per annum, with £315,000 advanced to them after the year end. They provide end-to-end video technology for the recording and distribution of experiences with a robust camera and seamless payment and distribution system.

4) Direct Energy Holdings Pty Ltd: loan facility provided of up to AUD 5,000,000 at 12% interest per annum. They are a global energy producer for homes and businesses.

5) Malaika Holdings Limited: £130,000 invested in equity. They are a private, sector agnostic investment company.

6) Vox Markets Limited: loan facilities provided up to £300,000 at 8% interest per annum, with £240,000 advanced to them after the year end.