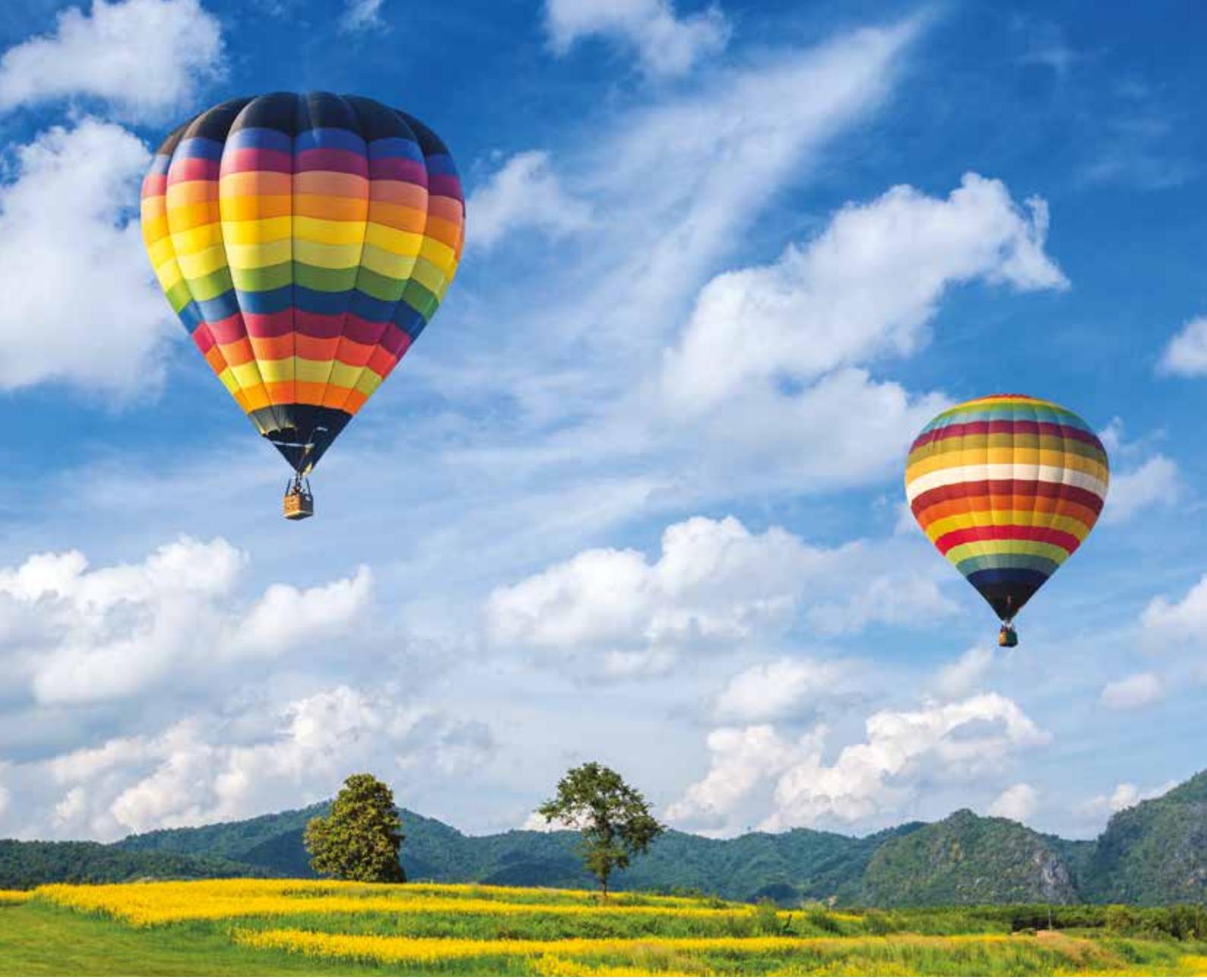


Capital for Colleagues

Advice Investment Growth

Group Report and Financial Statement

For the year ended 31 August 2019

Capital for Colleagues PLC

Company Number: **08717989**

Directors, Advisers and Officers

Registered Number	08717989
Directors	Alistair M T Currie John Eckersley Richard Bailey Edmund Jenkins
Company Secretary	John Arthur Lewis
Registered Office	Second Floor, Office C The Design Centre, Roman Way Crusader Park Warminster BA12 8SP www.**capitalforcolleagues**.com
Corporate Adviser	Peterhouse Corporate Finance Limited New Liverpool House 15 Eldon Street London EC2M 7LD
Auditor	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG
Share Registrar	Share Registrars Ltd Suite E, First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
Bankers	Adam & Company PLC 22 King Street London SW1Y 6QY
Solicitors	DAC Beachcroft LLP 100 Fetter Lane London ECA 1BN

Report and Consolidated Financial Statements

Capital for Colleagues PLC

Contents

Chief Executive's Report

The CEO presents his report for the year ended 31 August 2019.

I am pleased to provide this report to shareholders, the first since my appointment as CEO of Capital for Colleagues plc (C4C) in May 2019. I would like to start by thanking my predecessor, John Eckersley, who identified the opportunity and had the foresight to establish C4C as the first quoted investment company focussing on the Employee Ownership sector. I am delighted, along with my colleagues on the Board, that John has agreed to remain as a Director of the company in a non-executive capacity.

At the same time as my appointment as CEO, the shareholders of Castlefield Corporate Advisory Partners Ltd (CCAP) agreed to re-integrate the activities of CCAP under the C4C umbrella. This has enabled us to identify some meaningful savings in the cost base of C4C and to instigate a number of initiatives that will lead to additional revenue streams for your company. We now have a dedicated and motivated executive management team with significant experience and knowledge of the EO sector and a diverse but complementary skill set.

During the year to 31 August 2019 the Net Asset Value per share (NAV) rose marginally to 43.44p (2018: 43.35p). The encouraging performance of several companies in the portfolio resulted in net revaluation gains of £800,000 (2018: £463,000). In addition, the previous policy of providing a general provision equivalent to 2% of the value of the unquoted investments and loans has now been discontinued in favour of a more specific review of individual investments which resulted in a write back of £126,000 in the year, being £92,000 in unlisted investments (note 8) and £34,000 in loan receivables (note 16). However, there were also some loan impairments in the portfolio that required a downward revaluation of £908,000 (2018: Nil).

Activity

During the year under review, we invested in one new holding. C4C provided loan finance to South Cerney Outdoor Limited (SCO). SCO is a recently formed company, established to acquire the business and assets of South Cerney Outdoor from the Shaw Trust, a charity helping to transform the lives of young people and adults in the UK and internationally.
Based near Cirencester in Gloucestershire, SCO is focused on creating outdoor experiences that inspire personal challenge, fun, growth and adventure for the whole community, regardless of age or ability. Activities are available on an individual or group basis and include water sports and land-based activities at SCO's 53-acre leasehold site, which is dominated by the water sports lake. To enable SCO to acquire the South Cerney Outdoor business, C4C provided SCO with an initial loan facility of GBP 250,000, of which GBP 150,000 was drawn down on completion. An Employee Ownership Trust (EOT) became the major shareholder in SCO on completion. C4C looks forward to working with SCO to help implement the exciting ideas that the new employee owners have for expanding the activities of the business.

We also announced terms for the realisation of the Company's investment in its portfolio company, Cotswold Valves Limited ('CVL'). C4C first invested in CVL in 2015 and subsequently supported CVL as it expanded its business through the acquisition of Flow Control Company Limited ('FCCL') in 2018. C4C and the management of CVL have now agreed that CVL and FCCL will be better able to develop their business under a revised ownership structure which, at this point, is not focused as rigorously on the promotion of Employee Ownership as C4C would prefer. Accordingly C4C agreed to sell its equity interest in CVL for its acquisition cost of £220,000 in cash and to re-schedule all existing loans from C4C to CVL and FCCL, totalling £450,000. We anticipate that the full consideration for the disposal and the amounts outstanding on the loans will be received by C4C in the course of the next three years.

Post balance sheet events

After the year end one of the companies within the Company's portfolio was independently valued at a level which is materially above the value attributed to that company as at 31 August 2019. As a result, the Directors expect to report an increase of approximately £1.0 million in Capital for Colleagues' net asset value in the Company's interim results for the six months ended 29 February 2020. This increase is equivalent to approximately 6.5p per share. This has been reported as a Post Balance Sheet Event (see note 26 to the accounts).

In December 2019 C4C announced a new investment in The Security Awareness Group Ltd (TSAG).
TSAG is a recently formed company, established to acquire the business and assets of The Security Company (International) Limited ('TSC'), which has been delivering behavioural change and security awareness programmes since 1997.

TSC's bespoke solutions boost employees' security awareness at work and home and inspire changes in behaviour that protect organisations from inadvertent human error. Huntingdon-based TSC has clients in numerous sectors, including pharmaceuticals, atomic energy, precious metals, banking, government, IT, insurance and law; its clients include household names, such as Specsavers, KraftHeinz, the British Red Cross and the Prince's Trust.

Chief Executive's Report

C4C's investment in this exciting business provides further diversification within our portfolio. Cyber security is one of the major challenges faced by businesses today and we believe that the team at TSC will continue to play a major part in helping combat this threat.

Highlights

Many of the companies in the portfolio made good progress during the year at the operating level and further details are provided below on a number of the company's investments.

Bright Ascension Limited (BAL)
BAL is a space software company with employees in Edinburgh, Dundee and Bristol. The company provides software products, software development services and R&D consultancy. BAL specialises in flight software, mission control software and tooling to support the assembly, integration, verification and testing of satellites.

BAL was founded in 2011 with the aim of offering a fresh and innovative approach to space software. Initially consulting for the European Space Agency and large aerospace companies, in 2012 the BAL team was given the opportunity to become flight software developers for UKube-1, one of the first two spacecraft to be funded by the newly-formed UK Space Agency. This role later expanded to include development of the Mission Control software and a spacecraft simulator. The project culminated in a successful launch in July 2014 and BAL staff were heavily involved in supporting the operations of the satellite throughout its primary mission.

The success of this work on UKube-1 provided the foundation for the development of the company's space software product line. It also helped to raise the profile and credibility of the company, leading to further commercial opportunities. Since then the company has worked with more than 25 customers across six continents. The growth in BAL's customer base and significant investment in the company's Intellectual Property portfolio along with independent evidence that BAL's target market is significantly larger than first thought have necessitated a significant increase in our valuation of the company.

Computer Application Services Limited (CAS)
CAS is a software company based in Edinburgh, Scotland. Currently 25 strong, with plans to increase to 30 in the next two to three years. The team develops, sells and supports Workpro case management software. CAS also supports two niche services to the Ministry of Defence; noise monitoring on a number of Army training ranges and managing training activities at RAF Spadeadam.

Prior to the move to employee ownership in 2014, case management clients were exclusively members of the UK Ombudsman community managing housing, local government and legal complaints.

Investment to develop Workpro as a product has resulted in applications for employee relations casework and regulated financial complaints, both new markets for CAS.

New government and corporate clients are added to the UK client base almost monthly with recent wins extending overseas to Brussels, Cayman Islands, Toronto and Arizona where a new nuclear regulations application will be piloted. Building CAS via a new recurring revenue model promotes sustainability of the business which in turn enhances value as well as job security. A particular attraction of CAS is the very low rate of client 'churn' – once gained clients are rarely lost. The successful growth of CAS's recurring revenues has seen a healthy increase in our valuation of the business over the last 12 months.

Civils Store Limited (CSL)
CSL is a UK specialist distributor of civil engineering and construction materials. CSL began trading in 2013 with C4C providing funding in 2014 to help to facilitate the growth of the business. At this stage the company comprised three depots and its initial focus was on creating long term relationships with customers and suppliers. Having successfully established the business, the CSL team has begun a controlled expansion and is currently trading from 5 branches. CSL is now a soundly based company with growing turnover and profitability and we have been able to increase the valuation of our investment to reflect this.

Total Pipe Solutions Limited (TPS)
TPS is an independent distributor of engineering materials and solutions to the multi-utility, infrastructure and construction sectors. TPS was established in 2013 as a result of a Management and Employee Buy Out (MEBO) from its previous owner with C4C providing funding to help to facilitate the transaction. The company trades from two locations – one near Dublin and one near Belfast. TPS has performed well since the MEBO growing turnover and profitability. It has also recently been appointed as an approved supplier for a major infrastructure project in Ireland. This progress justifies a meaningful upward revaluation of our investment.

Chief Executive's Report

Office of Public Management Limited (Trading as Traverse)
Traverse provides consultation, engagement and evaluation services for organisations that are dealing with complex and controversial issues and need to understand what the affected communities think about the projects and proposals. Customers include Eirgrid, Department for Transport, Cadent Gas and Horizon Nuclear Power and major projects undertaken by Traverse include the BBC licence fee for over 75s consultation, the Heathrow third runway consultation and consultation on the Lower Thames Crossing Project. The 47 permanent employees are supported by a variable number of casual staff brought in to deal with major projects work load. Full time employee numbers will grow steadily, particularly when the new government settles in post the December election.

Traverse delivered excellent financial results for the 2018/19 financial year and this trend has continued with above budget performance for the first six months of 2019/20. This has enabled us to significantly increase our valuation of the business.

Downward revaluations

Inevitably in a portfolio of seventeen companies there will be some investments that are facing challenging conditions and that have not progressed as envisaged at the time of investment. C4C continues to provide support and practical assistance for the investments that are in this position.

Outlook

Notwithstanding that some downward revisions in valuations have been applied, on the positive side it is pleasing to see several of the companies in the portfolio delivering on the potential envisaged at the time of investment and some of these have been highlighted above. Considering the company's portfolio as a whole, we remain confident of a successful outcome for the current year. There are encouraging developments under discussion at a number of portfolio companies and we look forward to updating shareholders as appropriate in coming months.

A M T Currie
Chief Executive Officer

Date: 27 February 2020

Strategic Report

The directors present their Strategic Report for the year ended 31 August 2019.

Principal activities

Capital for Colleagues plc is an investment company focused on the Employee Owned Business sector ' EOB'. The Company has a clear strategy aimed at investing in established, mainly UK-based, EOBs as well as assisting companies which are looking to launch employee ownership schemes, providing the capital to help them achieve their objectives.

Risks and uncertainties

The Company's activities inevitably expose it to a range of risks, predominantly financial in nature. These risks are identified, monitored and mitigated wherever possible. However, given that the Company seeks to generate returns consistent with those typical of equity-type investments, it is not possible nor desirable to seek to remove risk completely.

The key risks are:

Liquidity risk

The Company seeks to ensure that it has sufficient liquidity, not only to pay its expenses as and when they fall due, but also to ensure that it is able to commit funds to attractive investments within required timescales. Funds which are not immediately required for investment in unquoted EOBs may be retained on deposit or invested in quoted EOBs or in other investments offering a better return than would be available from remaining in cash. Due regard is given to the need to realise cash at relatively short notice. The Company believes that it has sufficient expertise to select appropriate investments.

Market risk

In the case of investments made in quoted EOBs, the Company is subject to the risk associated with being exposed to the stock market in general. The Company regularly assesses its appetite for market risk and investment in quoted EOBs, which it intends to be a secondary activity to its main aim of investing in unquoted EOBs.

Credit risk

This arises predominantly from the Company's exposure to companies to which it has extended a loan or where it has invested in debt-like instruments and thereby receives the majority or entire return from regular interest or interest-like payments. Due diligence work is undertaken ahead of making such commitments and it is the Company's aim to monitor progress on an ongoing basis.

Key performance indicators

The Chief Executive's statement above and Business Review below together provide detail in terms of the Company's most recent period of activity. Ultimately, the Board and investors will predominantly judge success based on progress in the Net Asset Value per share of the Company's shares.

Business review

The Group's core investment focus is on private EOBs and to this end the Group ended the period with a portfolio of seventeen unquoted EOBs valued at £6.226 million including short-term loans. Each of the unquoted investments is included at the Directors' assessment of fair value, which is calculated in accordance with International Private Equity and Venture Capital Guidelines.

The loans and investments made by C4C to unquoted EOBs are aimed at delivering equity-like returns to our own shareholders. Each loan or investment is tailored within the context of the individual investee company's operating performance and specific working capital and longer-term needs.

Strategic Report (continued)

Financial review

Revenue from operations increased by 48.4% (2018 3.2%) year on year to £570,000, primarily due to significant increases in dividend income, interest receivable and advisory fees (see note 4). The large increase in dividend income is a direct result of the increasing maturity of some of the businesses in our investment portfolio.

At £892,000, net unrealised valuation gains were well ahead of last year's figure of £468,000 due to some encouraging business revaluations completed during the year. This was offset however by the impairment of loan receivables of £874,000 (2018: £34,000).
We reported retained profits of £14,000 (2018: £102,000) this year, which produced basic and diluted earnings of 0.09p (2018: 0.66p) per Ordinary share.

The total asset base of the company increased from £6.694 million in 2018 to £6.708 million. However the cash flow statement reflects a busy and positive year.

At the end of the year, the Company's portfolio of unquoted investments was valued at £6.226m and comprised eighteen companies operating across a range of sectors which generated total turnover of around £99m per annum and supported approximately 854 jobs. We measure our success by an increasing NAV. As at 31st August 2019, the total NAV was £6.708 million (2018: £6.694 million) and NAV per share was 43.44p (2018: 43.35p).

The directors do not propose to pay a dividend this year (2018: nil).

Publicly-traded investments

Although the Company's core investment focus is on private EOBs, the Directors believe that investing in publicly-traded entities which display demonstrable employee engagement, offers the potential to deliver a better return for shareholders than leaving the cash on deposit, while allowing the Company to realise cash relatively quickly if it is required for investment elsewhere. For the same reasons, as at 31 August 2019, the Company also held a short-term investment in a multi-asset managed fund.

Total Publicly Traded Investments as at 31 August 2019
Valuation – managed fund: £ 152,495

The multi-asset managed fund is included at its closing single-priced valuation on 31 August 2019.

Unquoted investments

The loans and investments made by the Company to unquoted EOBs are aimed at delivering equity-like returns and the loans bear interest at appropriate commercial rates. Each loan or investment is tailored to the individual investee company's operating performance and specific working capital needs.

As at 31 August 2019, the Company's portfolio of unquoted investments (excluding short term loans) comprised 18 companies operating across a range of sectors. The portfolio breakdown is detailed on the following page.

Each of the unquoted investments is included at the Directors' assessment of fair value, in accordance with International Private Equity and Venture Capital Guidelines. As the underlying businesses behind our investments evolve and mature, the basis of valuations of some specific investments has been updated for this year.

Approval

This report was approved by the Board of Directors and authorised for issue on 27 February 2020, and signed on its behalf by:

A M T Currie
Chief Executive Officer

Strategic Report (continued)

Unquoted investments (continued)

As at 31 August 2019, the Company's portfolio of unquoted investments (excluding short term loans) comprised 17 companies operating across a range of sectors. The portfolio breaks down as follows;

INDUSTRIALS		2019 % of Portfolio	2018 % of Portfolio
Construction and Materials			
	Civils Store Limited		
	Ecomerchant Natural Building Materials Limited		
	Employee Owners Group Limited (trading as Carpenter Oak)		
	TPS Investment Holdings Limited		
Industrial Transportation			
	Place 2 Place Logistics Limited		
Engineering			
	TG Engineering Limited		
Support Services			
	Anthesis Consulting Group Limited		
	Cotswold Valves Limited		
	(& its subsidiary Flow Control Company Limited)		
	Hire and Supplies Limited		
	Merkko Group Limited		
	Office for Public Management Limited (trading as Traverse)		
	Castlefield Corporate Advisory Partners Limited		
TOTAL INDUSTRIALS (value 2019: £2,984,284) (value 2018: £4,380,720)		**56.33%**	**73.08%**
MEDIA			
Exhibition Centres			
	The Homebuilding Centre (Holdings) Limited (trading as The National Self Build & Renovation Centre)		
TOTAL MEDIA (value 2019: £621,274) (value 2018: £489,636)		**11.72%**	**7.60%**
TECHNOLOGY			
Software & Computer Services			
	Computer Application Services Limited		
	2C Services Limited		
	Bright Ascension Limited		
TOTAL TECHNOLOGY (value 2019: £1,692,134) (2018: £1,158,070)		**31.95%%**	**19.32%**
TOTAL UNQUOTED PORTFOLIO Value		**100.00%**	**100.00%**

Directors' Remuneration Report

Introduction

The directors present the Directors' Remuneration report for the year ended 31 August 2019. This entails the two sections being the Policy Report and an Annual Remuneration Report which are presented below.

The Company's auditor, Haysmacintyre LLP, is required to review that certain disclosures of directors' remuneration specified by law are made in this report, this comprises of the Directors Remuneration and the information on Directors' Shareholdings which is contained in the Directors' report on page 10 and also forms part of this Directors' remuneration report. Their report on these and other matters is set out on page 13.

Consideration by the Directors of Matters Relating to Directors' Remuneration

The Company's Directors as a whole consider Directors' remuneration and they have not sought advice or services from any person in respect of this issue during the period under review although they expect, from time to time, to review the fees against those paid to boards of directors of comparable organisations.

Directors' remuneration policy report

The Company's policy is for the Directors to be remunerated in the form of fees, payable monthly in arrears. The executive directors are also entitled to participate in the company's Share Incentive Plan (SIP). None of the directors receive a pension from the Company nor do they participate in any bonus schemes.

The fees are not specifically related to the Directors' performance, either individually or collectively. The Board is also entitled to be repaid all reasonable travelling subsistence and other expenses incurred by them respectively while conducting their duties as Directors. However, no other remuneration or compensation was paid or payable by the Company during the period to any of the current Directors. There will be no payment for loss of office unless approved by a separate shareholder resolution.

Major decisions on Remuneration

The Company's policy is that the fees payable to each Director should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by each of the Directors. They should be sufficient to attract candidates of high calibre to be recruited. The Remuneration policy is to review the Director's fee rates from time to time, benchmarking the fees against comparable organisations and appointments, although such review will not necessarily result in any change.

A Director may resign by notice in writing to the Board at any time giving one month's notice. None of the Directors are entitled to compensation payable upon early termination of their arrangements other than in respect of any unexpired notice period.

Directors' remuneration

	2019 Wages and salaries £'000	2019 Share-based payments £'000	2019 Total £'000	2018 Total £'000
Executive Directors				
Alistair Currie	30	2	32	15
John Eckersley from 1 April 2018	19	2	21	
Non-Executive Directors				
John Eckersley from 1 April 2018	6	-	6	28
Edmund Jenkins	15	-	15	15
Richard Bailey	19	-	19	19
Total	89	4	93	80

The amounts in the table above all relate to represents the total remuneration of the Company's directors. This section of the report is subject to approval by a simple majority of shareholders at the AGM.

Directors' Remuneration Report (continued)

Directors' interests in shares

Directors' interests in the shares of the Company, including family interests, were as follows:

Directors	At 31 August 2019		At 31 August 2018	
	Number of ordinary shares	Percentage (%)	Number of ordinary shares	Percentage (%)
Alistair M T Currie	392,036	2.54	368,225	2.38
John S Eckersley	510,909	3.31	493,723	3.20
Edmund G Jenkins	76,270	0.49	76,270	0.49
Richard C Bailey	183,369	1.19	183,369	1.19

Directors' service contracts

The Company's policy is to offer service agreements to executive and non-executive directors with notice periods of 3 or 6 months.

The remuneration package of the executive directors comprises basis salary, contributions to defined pension scheme arrangements, share-based payments and benefits in kind such as medical insurance as noted in the Directors' Remuneration Report.

The remuneration package of the non-executive directors comprises basic salary only.

Company Performance

The Board is responsible for the Company's business strategy and performance.

The Statement of Directors' responsibilities on page 12 form part of the Directors' report to the company financial statements

This report was approved and authorised for issue by the Board of Directors and is signed on its behalf by:

Alistair M T Currie
Chief Executive Officer

Date: 27 February 2020

Directors' Report

The Directors present their report for the year ended 31 August 2019.

Principal activities

Capital for Colleagues PLC is a public company incorporated in England and Wales on 3 October 2013 and was admitted to trading on the NEX Exchange Growth Market on 17 March 2014. The principal activities of the Group and the Company are set out in the Strategic Report on page 5.

Results for the year

The results for the year are set out in the consolidated statement of comprehensive income on page 17.

Dividend

The directors have elected not to declare a dividend for the year (2018: £nil).

Going concern

As required by IFRS accounting standards, the directors have prepared the financial statements on the basis that the Group and the Company is a going concern. (Further information of this assessment is included in note 2c).

Post balance sheet events

In the opinion of the Directors, other than the non-adjusting events disclosed in note 25, the Company had no other post balance sheet events that would require disclosure in these financial statements.

Directors

The Directors who served during the year were as follows:

Alistair Malcolm Thomson Currie
John Stephen Eckersley
Edmund George Jenkins
Richard Charles Bailey

On 31st March 2019 John Eckersley resigned from his position as Chief Executive Officer and became a non-executive director of the Company. At that same date Alistair Currie was appointed as the Chief Executive Officer of the Company.

Substantial shareholdings

As at 31 August 2019, the Company has been notified of the following interests of 3% or more in the issued ordinary share capital of the Company:

As at 31 August 2019 and as at 31 August 2018

Name of Shareholder	Number of ordinary shares	Percentage (%) of issued share capital
Bill Ainscough	1,538,400	9.96
Liontrust Sustainable Future UK Ethical	915,253	5.93
Heygate Group Pension	729,263	4.72
Liontrust Sustainable Future UK Growth	610,170	3.95

Directors' Report

Corporate governance

The Directors are committed to maintaining high standards of corporate governance, and propose, so far as is practicable given the Company's size and nature, to comply with the QCA Code.

The Board has established Board Committees for Audit, Remuneration and Nominations and is committed to developing further policies and procedures which reflect the principles of good governance.
The Company has adopted a share dealing code for the Directors and will take steps to ensure compliance by the Directors and any relevant employees with the terms of this code.
The Directors have established financial controls and reporting procedures which are considered appropriate given the size of and structure of the Company. These controls will continue to be reviewed as the Company develops and will be revised accordingly.

Board Composition and Board Committees:	
C4C has a Board of four people as below:	
Non-Executive Chair:	Richard Bailey
Non-Executives:	John Eckersley & Ed Jenkins
Executive Director:	Alistair Currie
C4C has established Board Committees for Audit, Remuneration and Nominations.	
Audit Committee	
Chair:	Ed Jenkins
Members:	Richard Bailey & John Eckersley
Financial Expert:	Richard Bailey
Remuneration and Nominations Committee	
Chair:	Richard Bailey
Members:	John Eckersley & Ed Jenkins

Employees

The company continues to give full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities. The policy includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training and career development and promotion, where appropriate. The Company has continued its policy of employee involvement by making information available to employees on the matters of concern to them.

Statement As To Disclosure Of Information To Auditors

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as the are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that hey have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This report was approved and authorised for issued by the Board of Directors and is sighed on its behalf by:

Alistair M T Currie
Chief Executive Officer

Date: 27 February 2020

Statement Of Directors' Responsibilities

Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors are required to prepare financial statements in accordance with applicable accounting standards. The directors have chosen to prepare the company financial statements in accordance with applicable accounting standards. The directors have chosen to prepare the company financial statements in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position, financial performance and cash flows of the Company for that year.

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 IFRSs, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the Capital for Colleagues plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Capital for Colleagues PLC

Opinion

We have audited the financial statements of Capital for Colleagues PLC (the 'parent company') and its subsidiary (the 'group') for the year ended 31 August 2019 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, and the consolidated cash flow and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the group and of the parent company affairs as at 31 August 2019 and of the group's profit for the year then ended;
- the group and company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 August 2019 and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified by the auditor, 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

Valuation of unlisted investments held at fair value by the company

We focused on the valuation of investments held at fair value as the valuations are material, complex and include estimates and significant judgements.

The valuation of unlisted investments held at fair value is determined by management and the Directors in accordance with the International Private Equity and Venture Capital Guidelines based on the nature of the underlying business which has been invested in. The methods used include:

- Applying a multiple to earnings and revenues
- Using net assets
- Using recent external valuation prices and recent offers

How our audit addressed the key audit matter

Our procedures included critically assessing the key assumptions made by the Company in determining the fair value of unquoted investments at the reporting date.

We reviewed and evaluated the valuation methodology applied, by reference to industry practice, and tested the techniques used by management in determining the fair value of the unlisted investment portfolio.

For investments at fair value, we have:

- Assessed the validity of valuation models that applied comparable quoted company earnings and revenue multiples by assessing the appropriateness of the adjustments made to reflect the differences between the quoted company and the investee company, and checking earnings and revenue data from audited financial statements, and unaudited management accounts for the investee entities;
- Obtained satisfactory explanations after challenging the assumptions made by management in the applicable valuation models;

Independent Auditor's Report to the Members of Capital for Colleagues PLC (continued)

Key Audit Matter (continued)

Valuation of unlisted investments held at fair value by the company (continued)

How our audit addressed the key audit matter

- Tested the mathematical accuracy and integrity of the valuation models and assessed the Valuation papers and raised questions on each valuation

This, together with our review of information on the investee entities and the International Private Equity and Venture Capital Valuation guidelines, enabled us to discuss with and challenge management as to the appropriateness of the methodology and key inputs used, and the valuations themselves.

We found that the management's final valuations of unlisted investments were supported by the available evidence, and in particular that the assumptions were appropriate based on the investee's circumstances, and actual and expected financial performance. However some changes were made to the initial management valuations.

Impairment of loan receivables Group and Company

We focused on the Directors' impairment review of loan receivables as the amounts are material and include significant judgements.

The impairment review of loan receivables is determined by the Directors based upon their assessment of each company's ability to repay each loan.

Our procedures included critically assessing the key assumptions made by the Directors in determining the recoverability of the loans at the reporting date.

The following procedures were performed:

- Agreeing the existence of the loan receivable to supporting documentation including investment agreements.
- Agreeing additions and disposals in the year to supporting documentation such as investment agreements, and traced cash payments and receipts to bank statements in the year and post year end where applicable.
- Performing our own procedures on the expected loan capital payments, receipts and the interest receivable, and assessed this against the amounts recognised by the Company in the year.
- Challenging the assumptions used by the Company in determining the fair value and hence the recoverability of the loan receivables at the reporting date.

We found that the final impairment of loan receivables was materially supported by available evidence and explanations, however the initial carrying value was reduced following our challenge.

Going Concern

The cash outflow since the year end and the relative illiquidity of a large portion of the Company's and Group's asset base indicate that there is a risk that the Group and Company should not be considered a going concern.

The following procedures were performed:

- Reviewing the going concern disclosure in the accounting policies and Directors report
- Reviewing the cashflow forecasts to 28 February 2021 to identify the key assumptions and applying sensitivity analysis to them
- Checking the arithmetical accuracy of the cash flow forecasts
- Enquiring with management on what steps they would take if any short term funding issues arise

Independent Auditor's Report to the Members of Capital for Colleagues PLC (continued)

Key audit matters (continued)

Going Concern (continued)

- Considering the cash position of the Company and Group as of 19 February 2020 and its interaction with the cashflow forecast to 28 February 2021.
- We found that management's evaluation of the Going Concern basis of preparation to be appropriate.

Our application of materiality

The Group and Company are investment companies. The investments in shares and loan receivables are the most significant balance in the financial statements, therefore materiality for the Group and the Company financial statements was set at £155,000 (2018: £130,000) which represents approximately 2% of gross assets. The performance materiality level applied to the Group and Parent financial statements was £116,000 (2018: £97,500), being 75% of materiality.
We report to the Board of Directors any corrected and uncorrected identified misstatements exceeding £7,750 (2018: £6,500), being 5% of Materiality, in addition to other misstatements that warranted reporting on qualitative grounds.

An overview of the scope of our audit

The audit of the Group financial statements comprised full scope audits performed on the consolidated group headed by Capital for Colleagues Plc (in addition to its standalone parent entity financial statements) as required by statutory regulations in the UK.

We planned our audit by undertaking an evaluation of the systems and controls in place on the group's core transaction cycles designed to capture and record information for the financial statements disclosures. Our testing was performed using a combination of tests and for those areas where controls were perceived to as being ineffective, substantive analytical procedures and other substantive procedures such as verification of samples from populations to the underlying evidence.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act
2006 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 parent company 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.

Independent Auditor's Report to the Members of Capital for Colleagues PLC (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

G. A. Crowther (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
10 Queen Street Place
London
EC4R 1AG
United Kingdom

Date: 27 February 2020

Consolidated Statement of Comprehensive Income

	Note	2019 £'000	2018 £'000
Revenue	4	570	384
Realised loss on investments		(6)	(96)
Net gain the fair value of investments	8	892	468
Total income from investing activities		1,456	812
Administrative expenses		(560)	(482)
Impairment of loan receivables	16	(874)	(34)
Impairment of investments in associate	12	(8)	-
OPERATING PROFIT		14	240
Tax charge	9	-	(138)
RETAINED PROFIT AFTER TAX FOR THE YEAR		14	102
RETAINED PROFIT ATTRIBUTABLE TO:			
The ordinary equity holders of the parent		14	102
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Earnings per share attributable to the ordinary equity holders of the parent	10	14	102
Earnings per share Basic and diluted	10	0.09p	0.66p

The notes on pages 21 to 36 form part of these financial statements

Consolidated and Company Statement of Financial Position

Company Number: 08717989

		Group		Company	
	Notes	2019 £'000	2018 £'000	2019 £'000	2018 £'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment		2	-	2	-
Investments held at fair value through profit or loss	**11**	5,450	5,034	5,450	5,034
Investments in associates	**12**	16	24	16	24
Loans receivables	**14**	434	1,321	434	1,321
TOTAL NON-CURRENT ASSETS		5,902	6,379	5,902	6,379
CURRENT ASSETS					
Loan receivables	**15**	494	318	494	318
Trade and other receivables	**15**	284	98	284	103
Cash and cash equivalents		261	175	261	175
TOTAL CURRENT ASSETS		1,039	591	1,039	596
TOTAL ASSETS		6,941	6,970	6,941	6,975
LIABILITIES					
CURRENT LIABILITIES Trade and other payables	**17**	(87)	(130)	(87)	(130)
NON-CURRENT LIABILITIES Provisions for liabilities	**19**	(146)	(146)	(146)	(146)
TOTAL LIABILITIES		(233)	(276)	(233)	(276)
NET ASSETS		6,708	6,694	6,708	6,699
CAPITAL AND RESERVES					
Called up share capital	**20**	6,176	6,176	6,176	6,176
Share premium		1,099	1,099	1,099	1,099
Retained earnings/(loss)		(567)	(581)	(567)	(576)
TOTAL EQUITY		6,708	6,694	6,708	6,699

The financial statements were approved and authorised for issue by the Board of Directors, and were signed below on its behalf by:

Alistair M T Currie
Chief Executive Officer

Date: 27 February 2020
The notes on pages 21 to 36 form part of these financial statements.

Consolidated and Company Statement of Changes in Equity

GROUP	Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Total £'000
Balance at 31 August 2017	6,154	1,097	(683)	6,568
Share capital issue	22	2	-	24
Profit for the year	-	-	102	102
Balance at 31 August 2018	6,176	1,099	(581)	6,694
Profit for the year	-	-	14	14
Balance at 31 August 2019	6,176	1,099	(567)	6,708

COMPANY	Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Total £'000
Balance at 31 August 2017	6,154	1,097	(678)	6,573
Share capital issue	22	2	-	24
Profit for the year	-	-	102	102
Balance at 31 August 2018	6,176	1,099	(576)	6,699
Profit for the year	-	-	9	9
Balance at 31 August 2019	6,176	1,099	(567)	6,703

The notes on pages 21 to 36 form part of these financial statements.

Consolidated Cash Flow Statement

	2019 £'000	2018 £'000
Cash flows from operating activities		
Profit after tax	14	102
(Increase)/decrease in trade receivables	(21)	23
(Decrease)/increase in trade and other payables	(43)	1
Net unrealised gains on fair value investments	(886)	(468)
Impairment of loan receivables	882	34
Bad debt expense	100	134
Interest income	(210)	(145)
Dividend income	(139)	(37)
Taxation charge	-	138
Net cash used in operating activities	(303)	(218)
Cash flows from investing activities		
Payments for investments	(2)	(24)
Proceeds from the disposal of investments	406	-
Dividends received	139	37
Net cash generated in investing activities	543	13
Cash flow from financing activities		
Loans made	(330)	(1,136)
Repayment of loans from loan receivables	67	82
Interest receipts from loan receivables	109	128
Net proceeds from issue of share capital	-	24
Net cash used in financing activities	(154)	(902)
Net cash inflow/(outflow) for the year	86	(1,109)
Cash and cash equivalents at start of year	175	1,283
Cash and cash equivalents at the end of the year	**261**	**174**

Notes to the Financial Statements For The Year Ended 31 August 2019

1. GENERAL INFORMATION

Capital for Colleagues plc is a public limited company incorporated and domiciled in England and Wales under the Companies Act 2006. On 20 August 2019, the Group's registered office changed to Office C, 2nd Floor, The Design Centre, Roman Way, Crusader Park, Warminster, England, BA12 8SP. The Company's ordinary shares are traded on the NEX Exchange, a London based stock exchange providing UK and international companies with access to capital.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 5 - 7.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The financial statements of the Group and the Parent have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union, and the Companies Act 2006 as applicable to companies reporting under IFRSs. The principal accounting policies adopted by the Group are set out below.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

b) Basis of preparation

The Group and Parent financial statements are prepared on a historical cost basis, except for investment in shares and loan receivables and which have been measured at fair value, and are presented in Pound Sterling, which is the Company's functional currency.

c) Going Concern

The group and parent company financial statements have been prepared on a going concern basis.
The Directors have prepared budgets and cash flow forecasts for a period of at least twelve months from the date of the approval of the Financial statements which showing a positive cash balance throughout the period. The cash flows are based upon various assumptions which include the timing and quantum of Loan repayments and dividends and the level of monthly income and expenditure. The Directors consider that if any of these assumptions are not to be realised for whatever reason with a corresponding negative impact on the Company's cash flow that the company would have sufficient cash due either to costs being trimmed or by introducing some additional debt.
Based upon this analysis the Directors have at the time of approving the financial statements a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future.
The financial statements do not contain any adjustments that would be required if the company was unable to continue as a going concern.

d) Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.
The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights.
- Substantive potential voting rights held by the company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

Notes to the Financial Statements (continued)

2. Summary Of Significant Accounting Policies (continued)

e) Investments in Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses). Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The results for the 34% shareholding in Castlefield Corporate Advisory Partners Limited are not accounted for as part of the group as to date the directors consider the results to be numbers are highly insignificant, being a loss of £8,616 (2018: (£5,071). Cumulative losses as at 31 August 2019 are £13,687 (2018: £5,071). The company ceased to trade on 30 April 2019 (note 12). See note 24 for transactions with CCAP entered into during the year. The company ceased to trade on 30 April 2019 (note 12).

f) New accounting standards, amendments and interpretation of existing (separately or together "new accounting requirements"), effective from 1 January 2018.

The below standards are effective and mandatory for accounting periods beginning on or after 1 January 2018. The directors have assessed the impact, or potential impact, of the mandatory new accounting requirements. In the opinion of the Directors, the below mandatory new accounting requirements would not have a material effect on the reported financial performance, financial position, or disclosures of the Group. Details of the standards are included below:

- **IFRS 9 'Financial instruments'**
  IFRS 9 has replaced IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). The Company has adopted IFRS 9 in the year ended 31 August 2019 and there have been no material changes in the recognition and measurement of financial assets and liabilities as a result of adopting the new standard as disclosed further in note 15. The standards does require additional disclosures in relation to the recognition of fair value movements and expected credit loses of financial instruments. These disclosures are in notes 5 and 16.

- **IFRS 15, 'Revenue from contracts with customers'**
  IFRS 15 has replaced IAS 18 Revenue (IAS 18) and IAS 11 Construction Contracts as well as various interpretations previously issued by the IFRS Interpretations Committee. The Company has adopted IFRS 15 in the year ended 31 August 2019. The impact of the new accounting standard is disclosed in note 2(i).

- **IFRS 2 Share Based Payments (Amendment – Classification and Measurement of Share-Based Payment Transactions)**

- **Annual Improvements to IFRSs 2014 – 2016 Cycle (IFRS 1 *First-time Adoption of IFRS, IFRS 12 Disclosures of interest in Other Entities and IAS 28 Investments in Associates and Joint Ventures)***

g) New standards, amendments and interpretations not yet effective or, effective but not early-adopted by the Group (separately or together "new accounting requirements")

The following standards have been published but are not yet effective. In the opinion of the Directors they will not have a material impact on the Group's financial statements. The new accounting requirements that are not yet effective and have not been early adopted by the Company.

- IAS 1 Presentation of Financial Statements (effective 1 January 2020)
- IAS 12 Income Taxes (effective 1 January 2020)
- IAS 19 Employee Benefits (effective 1 January 2019)
- IAS 23 Borrowing Costs (effective 1 January 2019)
- IFRS 16 "Leases" (effective 1 January 2019)

There are no other IFRS that are effective from 1 January 2019 that would be expected to have a material impact on the Group.

Notes to the Financial Statements (continued)

2.Summary Of Significant Accounting Policies (continued)

h) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'sterling', which is the company's functional and the group's presentation currency.

i) Revenue recognition

Revenue is earned from the provision of services pursuant to the investor agreements with investee companies. Revenue from contracts with customers is recognised over time as the service is provided and using the input method. At the point where the services are provided to the customer, the company has an enforceable right to payments for performance completed to date and, its performance does not create an assets with an alternative use for the company. These services represent a series of performance obligations

Accrued income represents revenue that has been earned by the company in respect of performance completed by the period end but not yet billed to the customer.

The company recognises revenue as follows:

Rendering of services – Monitoring fees
Revenue from a contract to provide monitoring services is recognised over time as the services are rendered based on a fixed price.

Interest income
Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other income – Arrangement and advisory fees
Arrangement fee income is recognised when the right to receive payment is established being the point at which funds are advanced to individual investees, by agreement.

Dividend income
Equity dividend income is recognised when it becomes legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised.

j) Investments and other financial assets

Investments and other financial assets are measured at fair value. Unlisted investments are measured at the Directors' assessment of fair value in accordance with the International Private Equity and Venture Capital Guidelines. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period
For financial assets measured at amortised cost and fair value through profit and loss, the impairment is recognised in the profit or loss.

Notes to the Financial Statements (continued)

2. Summary Of Significant Accounting Policies (continued)

k) Investment in shares

Investments in unlisted company shares, which have been classified as fixed asset investments as the Group intends to hold them on a continuing basis, are remeasured to fair value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

Investments in listed company shares, which have been classified as current asset investments, are remeasured to fair value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

l) Capital Management

An entity is required to disclose information that enables the user of its financial statements to evaluation the entity's objectives, policies, and processes for managing capital.

m) Financial instruments

The Company classifies its financial instruments in the following categories: loans and receivables, financial assets and liabilities and non-derivative financial instruments. The classification depends on the purpose for which the financial instruments were acquired. The Directors determine the classification of its financial instruments at initial recognition.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less impairment losses relating to the receivables.

Financial assets and liabilities
Financial assets and liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred, and the transfer qualifies for de-recognition in accordance with IFRS 9 'Financial Instruments: Recognition and measurement'.

Other financial liabilities
The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs and subsequently amortised cost. The Company's financial liabilities include trade and other payables and loans and borrowings payable

Non-derivative financial instruments
Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables. Non-derivative financial instruments are recognised initially at fair value with directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method, less Impairment losses relating to the receivables. The effective interest method calculates the amortised cost of non-derivative financial instruments and allocates the interest over the period of the instrument.

Notes to the Financial Statements (continued)

2. Summary Of Significant Accounting Policies (continued)

n) Equity instruments

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from proceeds, net of tax.

Dividends payable in relation to equity shares are recognised as a liability in the period in which they are declared.

o) Share-based payments

The Company operates a cash-settled share-based payments benefit scheme that is open to directors and employees. Monthly contributions made by employees are used to purchase ordinary equity shares on a quarterly basis via a three-month accumulation period. The Company recognising the related expense in the same period that the service is provided by the employee.

p) Leases

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright and are treated as finance leases with the asset included in the balance sheet.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

q) Taxation

The tax expense represents the sum of the current tax and deferred tax. The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised, or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

r) Segmental reporting

In accordance with the provisions of IFRS the Company is required to report financial and descriptive information about its reportable operating segments which meet the quantitative thresholds delineated. The Company has one reporting segment that does not meet any of the quantitative thresholds to require separate reporting. Operating segments presented in these financial statements are consistent with the internal reporting provided to the Company's Chief Operating Decision Maker, which has been identified as the Chief Executive Officer.

Notes to the Financial Statements (continued)

3. Critical Accounting Estimates and Judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Critical accounting estimates

i) Valuation of unlisted investments

The Directors assess the fair value of each unlisted investment in accordance with the International Private Equity and Venture Capital Guidelines. Due to the inherent uncertainty of valuation, the values used may differ significantly from the values that would have been used had an active market for the investment existed and thus differences could be significant.

ii) Impairment of loan, trade and other receivables

IFRS 9 'Financial Instruments', requires the Group to recognise a loss allowance ("impairment") for expected credit losses on a financial asset that is measured at amortised costs. The Directors assess impairment of loan and other receivables at the end of the reporting date by evaluation of the conditions of each outstanding balance and the investee company.

The impairment is at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Due to the inherent uncertainty of these impairment reviews, the actual recoverability may differ from the Directors estimates.

b) Critical accounting judgements

i) Investments in subsidiaries and associates

Significant judgement is required in the Group's assessment in the recognition of an investment as a financial investment, a subsidiary or an associate.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

ii) Going Concern

Significant judgement is required in the Group's assessment of the Company's use of the Going Concern basis, and further information on this is included in note 1c). These include preparing cashflow, and budgets and timing and quantum of loan repayments, dividends and investment disposals.

Notes to the Financial Statements (continued)

4. REVENUE	2019 £'000	2018 £'000
An analysis of the revenue is as follows:		
Arrangement fees	-	54
Monitoring fees	141	123
Advisory fees	20	4
Interest income	210	145
Dividend income	139	37
Other income	60	21
	570	384

All revenue arose within the United Kingdom and Republic of Ireland.

5. PROFIT FROM OPERATIONS	2019 £'000	2018 £'000
Profit from operations has been arrived at after charging:		
Operating lease expense - property	1	-
Auditor's remuneration:		
Fees payable to Company's auditor for audit of the Group and Company financial statements	17	17
Fees payable to Company's auditor and its associates in respect of non-audit services:		
- Tax compliance	4	4

6. PROFIT/ (LOSS) ATTRIBUTABLE TO CAPITAL FOR COLLEAGUES PLC

The profit after taxation for the financial year dealt with in the financial statements of the parent Company, Capital for Colleagues PLC was £9k (2018: £102k). As permitted by section 408 of the Companies Act 2006, no separate income statement has been presented in respect of the parent company.

7. STAFF COSTS

The average monthly number of employees (including directors) for the year was as follows:

	2019 Number	2018 Number
Directors and consultants	5	5

	2019 £'000	2018 £'000
The aggregate remuneration comprised:		
Wages and salaries	123	125
Social security and taxes	11	12
Pension costs	-	-
Share-based payments (note 21)	6	5
	140	142

Pension costs relate to contributions made by the Group to a defined contribution pension scheme

Notes to the Financial Statements (continued)

7. STAFF COSTS (continued)

The average monthly number of employees (including directors) for the year was as follows:

Directors' emoluments	**2019 £'000**	**2018 £'000**
The aggregate remuneration comprised:		
Wages and salaries	89	80
Social security and taxes	8	8
Share-based payments (note 21)	4	4
Total	101	92

There were no benefits accruing for Directors under a defined contribution pension scheme (2018: none)

8. NET GAIN IN THE FAIR VALUE OF INVESTMENTS	**2019 £'000**	**2018 £'000**
Movement in the year	892	468
Fair value gain	1,402	575
Fair value loss	(602)	(112)
Movement in 2% provision in the year	92	5
Total	892	468

9. INCOME TAX EXPENSE	**2019 £'000**	**2018 £'000**
Current tax charge	-	-
Deferred tax charge	-	138
Total	-	138

The charge for the year can be reconciled to the profit per the income statement as follows:

Profit before taxation	14	240
Expected tax charge on profit before tax at 19.00% (2018: 19.58%)	3	46
Effects of:		
Expenses not deductible for tax purposes	-	1
Income not taxable	(294)	(78)
Exempt dividend income	(26)	(8)
Chargeable gains	372	155
Adjustments in respect of previous periods	(25)	-
Adjustment in respect of tax rates	(21)	(12)
Deferred tax not recognised (note 19)	(9)	34
Current and deferred tax charge	-	138

Notes to the Financial Statements (continued)

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings	2019 £	2018 £
Earnings for the purposes of basic earnings per share: net profit for the year attributable to equity holders of the Company:	14,000	102,000
Number of shares		
Weighted average number of ordinary shares including dilutive warrants	15,441,942	15,418,399

The denominator for the purpose of calculating the basic earnings per share has been adjusted to reflect all capital raisings.
No dilutive shares are in issue.

11. INVESTMENTS

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2019 Total £'000	2018 Total £'000
GROUP AND COMPANY					
At 1 September 2018	503	-	4,531	5,034	4,592
Disposals	(355)	-	(221)	(576)	-
Impairment of investments	-	-	-	-	(96)
Unrealised fair value loss	-		(602)	(602)	(112)
Unrealised fair value gain	-	-	1,402	1,402	575
Transfer from loans receivable	-	-	100	100	70
2% provision	4	-	88	92	5
At 31 August 2019	152	-	5,298	5,450	5,034

Investments are measured at fair value. The directors consider that the carrying amount of investments approximates to their fair value.
Level 1 reflects financial instruments quoted in an active market.
Level 2 fair value remeasurements are those derived from inputs other than quoted pieces included within Level 1 that are observable for the asset or liability, whether directly (i.e. as process) or indirectly (i.e. derived from prices).
These investments relate to an investment portfolio used to maximise the return during the year.
Level 3 reflects all unquoted investments, being financial instruments, whose fair value is determined in whole or in part using valuation techniques based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

12. INVESTMENTS IN ASSOCIATE

	2019 £'000	2018 £'000
GROUP AND COMPANY		
Investments in associate		
At 1 September	24	-
Additions	-	24
Impairments	(8)	-
At 31 August	16	24

The Company has a 34% equity investment (ordinary shares) in Castlefield Corporate Advisory Partners Limited (CCAP). The registered address of CCAP is 111 Piccadilly, Manchester, M1 2HY, United Kingdom.
The company ceased to trade on 30 April 2019. The principal activity of the joint venture was that of corporate finance advisors predominately to the employee owned sector.

The results for the 34% shareholding in Castlefield Corporate Advisory Partners Limited are not accounted for as part of the group as to date the directors consider the results are highly insignificant, being a loss of £8,616 (2018: (£5,071). Cumulative losses as at 31 August 2019 are £13,687 (2018: £5,071).
The company ceased to trade on 30 April 2019.

Notes to the Financial Statements (continued)

13. INVESTMENTS IN SUBSIDIARIES	2019 £'000	2018 £'000
COMPANY		
At 31 August 2019 and 31 August 2018	-	-

At 31 August 2019 the Company held 100% of the allotted share capital in C4C Ownership Partners Limited, being £1. The company is dormant and is registered at the same address as the parent company.

14. LONG TERM LOANS AND RECEIVABLES	2019 £'000	2018 £'000
GROUP AND COMPANY		
Long term loans receivables	434	1,321

15. TRADE AND OTHER RECEIVABLES	Group		Company	
	2019 £000s	2018 £000s	2019 £000s	2018 £000
Short term loans receivables	494	318	494	318
Trade receivables	67	27	67	27
Amounts due from subsidiaries	-	-	-	5
Prepayments and accrued income	39	71	39	71
Other receivables	178	-	178	-
	778	416	778	421

All receivables as at 31 August 2019 were denominated in Pounds Sterling.

The directors have had due consideration of IFRS 9 Financial Instruments with regards to the recognition and measurement of expected credit losses on trade and other receivables. There are no significant credit risks arising from trade and other receivables. Therefore, expected credit losses of £nil (2018: £nil) have been recognised in the year ended 31 August 2019.

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Loans receivable due from unquoted companies are subject to liquidity risk. This risk is considered by the Directors when arriving at their valuation as at the year end. Expected credit losses of £874k (2018: £34k) have been recognised in the year. See note 16 on the following page.

Notes to the Financial Statements (continued)

16. LOAN RECEIVABLES

Movements in loan receivables for the year ended 31 August 2019 is as follows:

GROUP AND COMPANY	2019 £'000	2018 £'000
At 1 September	1,639	689
Loan additions in the year	330	1,136
Loan repayments in the year	(67)	(82)
Loan transfers to investments	(100)	(70)
Loan provision (note 15)	(908)	-
2% provision	34	(34)
At 31 August	928	1,639
Amounts due within one year	494	1,321
Amounts due between one year and five years	434	318
Total	928	1,639

The directors consider that the carrying amount of loans receivables approximates to their fair value.

The total value of loans that are past due at the year end is £75,000 (2018: £nil). The directors are in discussion with the relevant investee companies in order to re-structure the loan amounts due. The provision recognised at the year end date with respect to these loans is £nil (2018: £nil).

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 £000s	2018 £000s	2019 £000s	2018 £000s
Trade payables	2	-	2	-
VAT and social security payable	27	31	27	31
Other payables	58	99	58	99
	87	130	87	130
Due within one year	87	130	87	130

Trade creditors principally comprise amounts outstanding for trade purchases and on-going costs. The Directors consider that the carrying amount of trade and other payables approximates their fair value.

Notes to the Financial Statements (continued)

18. Financial Instruments

Credit risk

The Company's principal activity is making investments in unlisted investments financed from its own reserves. Credit risk arises from cash and cash equivalents, and credit exposure to outstanding loan receivables.

(i) Risk management

There are no significant concentrations of credit risk from cash and cash equivalents. There is a more significant risk of the non payment of loan receivables. This source of credit risk is managed by an active review of the various loans and the underlying companies to which the loans are made.

(ii) Security

For loan receivables the group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

(iii) Impairment of financial assets

The group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables
- loan receivables

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and loan receivables. To measure the expected credit losses, trade receivables and loan assets have been considered on an individual basis considering their individual credit risk characteristics and the days past due. On this basis the company has made a provision of £101,000 against its accrued income and £908,000 against its loans receivable.

a) Classification of financial instruments

The following table analyses the carrying amounts of financial instruments by category as defined in IFRS 9 "Financial instruments: recognition and measurement" and by heading in the statement of financial position.

GROUP AND COMPANY	Note	Financial Instruments Held at fair value £'000	Financial Instruments Held Amortised cost £'000	Total £'000
At 31 August 2019				
Financial assets				
Investments	11	5,450	-	5,450
Loan receivables	16	-	928	928
Trade and other receivables	15	-	273	273
Cash and cash equivalents		-	261	261
		5,450	1,462	6,912
Financial liabilities				
Trade payables and other payables	17	-	60	60

Notes to the Financial Statements (continued)

18. Financial Instruments

GROUP AND COMPANY	Note	Financial Instruments Held at fair value £'000	Financial Instruments Held Amortised cost £'000	Total £'000
At 31 August 2019				
Financial assets				
Investments	11	5,034	-	5,034
Loan receivables	16	-	1,639	1,639
Trade and other receivables	15	-	77	77
Cash and cash equivalents			175	175
		5,034	1,891	6,925
Financial liabilities				
Trade payables and other payables	17	-	99	99

19. PROVISION FOR LIABILITIES AND CHARGES

	Group and Company	
	2019 £'000	2018 £'000
Deferred tax provision	146	146
The movements during the year were as follows:		
At 1 September 2018	146	8
Charged for the year		138
At 31 August 2019	146	146

20. SHARE CAPITAL

	2019 Number	2019 £000s	2018 Number	2018 £000S
Issued and fully paid:				
Ordinary shares of 40p each				
At 1 September	15,441,942	6,176	15,384,011	6,154
Shares issued during the year	-	-	57,931	22
At 31 August	15,441,942	6,176	15,441,942	6,176

The Ordinary shares carry the right to one vote per share at general meetings of the Company and the rights to share in any distribution of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up. The shares are denominated in Pounds Sterling.

Notes to the Financial Statements (continued)

21. SHARE-BASED PAYMENTS

The Company operates a cash-settled employee benefit scheme for executive directors and employees which is a United Kingdom tax authority approved scheme. All United Kingdom employees are eligible to participate in the Share Incentive Plan (SIP), the only vesting condition being that the individual remains an employee of the Company over the share incentive period.

The fair-value of cash-settled share-based payments in the year was measured at market-price of the Capital for Colleagues PLC share capital as traded on NEX Exchange Growth Market on the day of settlement.

The share-based remuneration expense comprises:

	2019 £'000	2018 £'000
Cash-settled scheme (SIP)	6	5

There was no liability outstanding at the year end (2018: £nil).

22. OPERATING LEASE COMMITMENTS

At the reporting date, the Group and Company had minimum lease payments under non-cancellable operating leases as set out below:

Land and buildings:	2019 £'000	2018 £'000
Not later than one year	6	-
Between one and two years	6	-
Total	12	-

23. CONTINGENT LIABILITIES

As at 31 August 2019, the Company has provided guarantees to certain investee companies as set out below:

	2019 £'000	2018 £'000
Provision of third-party guarantee in relation to sales invoice facilities	591	150
Provision of third-party guarantee in relation to the purchase of equipment under finance leases.	50	30

On 28 August 2019, the Company entered into an agreement to guarantee a £240,000 working capital loan acquired by one of its investee companies. The guarantee becoming effective from the drawdown date of the loan which was post year end in September 2019. As such there was no contingent liability at the year end date of 31 August 2019, and the guarantee of £240,000 is not included in the totals above.

Notes to the Financial Statements (continued)

24. RELATED PARTY TRANSACTIONS

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the Company listed on page 9, and the Company Secretary of the Company.

	2019 £'000	2018 £'000
The aggregate remuneration comprised:		
Wages and salaries	106	103
Social security and taxes	10	21
Share-based payments (note 21)	5	5
Total	121	129

Transactions with other related parties

During the year the Group and the Company entered into the transactions and had balances at the year end with related parties as follows:

	2019 £'000	Sales 2019 £000s	2019 £'000	Purchases	Interest receivable 2019 £'000	Interest receivable 2018 £'000
Associates	-	206	206	233	-	-
Entities in which the Company has significant influence	40	-	-	-	73	34
Entities with significant influence over the Company through common key management personnel	-	2	2	-	2	-

Balances with other related parties

During the year the Group and the Company entered into the transactions and had a balance at the year end with other related parties as follows:

	Amounts due from 2019 £000s	2019 £000s	Amounts due to 2019 £'000	Loan receivable 2019 £'000	Loan receivable 2018 £'000
	2019	2019	2019		2018
	£000s	£'000	£'000	£'000	£'000
Entities in which the Company has significant influence	7	6	-	0	655

During the year the company made a provision of £876k (2018: £nil) against amounts due from entities in which the Company has significant influence.

During the year the Group held an investment in a multi-find in an entity with significant influence over the Company. At the balance sheet date the fair value of the investment was £152k (2018: £503k), and during the year the Company received dividends of £3k (2018: £3k) from the investment (note 11).

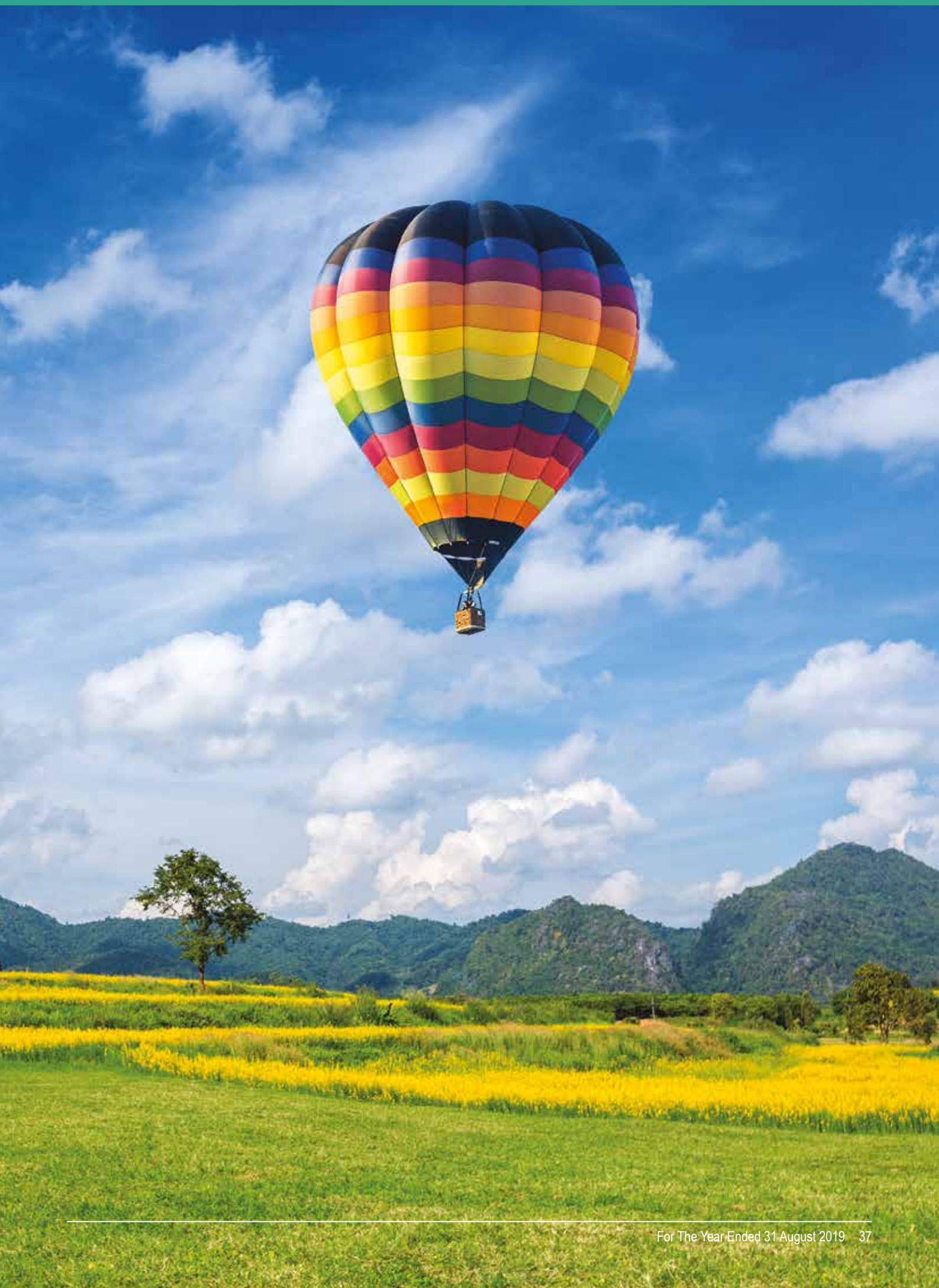
Notes to the Financial Statements (continued)

25. POST BALANCE SHEET EVENTS

On 5 December 2019, the Company invested a consideration of £405,068 in The Security Awareness Group Limited (TSAG). The investment made is £300,000 in preference shares, £68 in equity shares representing an interest of 34% in the TSAG, and a loan of £105,000.

In November and December 2019, the Company received loans totalling £115,000, from the Directors and their close family members and an investee company, for the ordinary share and loan investment in The Security Awareness Group Limited (TSAG).

Since the end of the financial year, one of the companies within the Company's portfolio has been independently valued at a level which is materially above the value attributed to that company as at 31 August 2019. As a result, the Directors expect to report an increase of approximately £1.0 million in Capital for Colleagues' net asset value in the Company's interim results for the six months ended 29 February 2020. This increase is equivalent to 6.5p per share.



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