Capital for Colleagues

Advice Investment Growth

Report and Financial Statements

For the year ended 31 August 2021

Capital for Colleagues PLC

Company Number: **08717989**

Directors, Advisers and Officers

Registered Number	08717989	
Directors	Alistair Currie	
	Richard Bailey	
	Edmund Jenkins	
	Richard Sloss	(Appointed 1st November 2020)
	John Lewis	(Appointed 26th January 2021)
	Bill Ainscough	(Appointed 23rd March 2021)
Company Secretary	John Lewis	
Registered Office	Capital for Colleagues PLC Ground Floor Office A, No1 The Design Centre, Roman Way, Crusader Park, Warminster BA12 8SP www.capitalforcolleagues.com	
Corporate Adviser	Peterhouse Capital Limited 3rd Floor 80 Cheapside London EC2V 6EE	
Auditor	Beever and Struthers St George's House 215 – 219 Chester Road Manchester M15 4JE	
Share Registrar	Share Registrars Limited Molex House The Millennium Centre Crosby Way Farnham Surrey GU9 7XX	
Bankers	Adam & Company PLC 6 Adelaide Street London WC2N 4HZ	
Solicitors	DAC Beachcroft LLP 25 Walbrook London EC4N 8AF	

Report and Financial Statements

Capital for Colleagues PLC

Contents

Front Cover: Faraday Phoenix satellite carrying Bright Ascension flight software.

The Growth and Resilience of Employee Ownership

Significant growth of Employee Ownership over past twelve months

Capital for Colleagues plc www.capitalforcolleagues.com, ("C4C") is an investment vehicle focused on opportunities in the Employee Owned Business sector. Our company has been quoted on the Aquis Growth Market (www.aquis.eu) since March 2014 (ticker CFCP). C4C is focused on achieving attractive investment returns from investments principally focused on equity but including debt as appropriate.
Capital for Colleagues provides equity and debt funding to existing and aspiring employee-owned businesses ("EOBs") to help them become effective, profitable organisations driven by a belief in employee ownership and with demonstrable employee engagement.

We do this because we believe that employee ownership has the potential to improve corporate productivity, create local wealth, deliver social impact and generate attractive commercial returns for shareholders. It provides an operational model which is less susceptible to short-term stock market fluctuations and is less likely to exhibit unacceptable corporate behaviours such as poor governance, which are all too prevalent and damaging to public confidence in business. Genuine and effective employee ownership (EO) is typified by a meaningful shareholding in a business for all employees and operational practices whereby employees feel true engagement in their company. It is more than just share ownership alone.

The global Covid-19 pandemic has undoubtedly had a big impact on the UK economy. However, it gave many owners of small and medium sized enterprises (SME) time to reflect on the future path that their businesses should take. One consequence of this is that there are now nearly 300 more employee owned businesses in the UK than there were twelve months ago. Pleasingly, this growth is across all regions and sectors of the UK. *(Source: White Rose Centre for Employee Ownership).*

Whilst the recent growth in the number of employee owned businesses is to be welcomed, we have to recognise that possible changes to the fiscal regime and the current attractive Capital Gains Tax benefits may have played a part in driving these numbers. Some of these businesses will turn out to be little more than companies that hold shares through a Trust for employees, with limited EO culture or employee engagement. There are others that have been set up as EO businesses with the best of intentions, but the on-going transition to genuine EO will be slow. These companies provide an opportunity for C4C to provide advice and guidance towards a more effective EO environment in future.

We are hopeful that the growth momentum shown in the past 12 to 18 months continues, but we recognise that there are still deeply rooted factors that are holding the sector back:

- Limited understanding and knowledge of EO in accounting and legal practices and other corporate advisers as a viable succession or growth option, potentially to the detriment of their clients.
- Limited availability of suitable finance.
- Limited understanding of how to transition successfully to employee ownership.

Employee ownership - a succession and growth option

The EO sector, and the Employee Ownership Association in particular, recognises the importance of an on-going educational programme to raise awareness of the benefits of employee ownership, but increased activity is now being undertaken to educate advisers to SME business owners. The sector needs to challenge the majority of accountants, lawyers and other corporate advisers to make their clients more aware of employee ownership as a serious option to be considered. There are clear signs of progress, but all involved in the promotion of EO must continue to 'spread the word'.

In recognition of the need to educate EO employees, C4C has developed a programme called "Better Business for Colleagues" www.betterbusinessforcolleagues.com. This helps employees to understand better the foundations of business and how their company operates.

Finance

The demonstrable positive performance of EO businesses, both in the C4C portfolio and more widely, provides powerful evidence that EO should be an attractive financing opportunity for banks and other funders. Engaged employees, a financial stake in the outcome and greater influence over the long-term business direction often results in superior performance. C4C has seen compelling evidence in many of its investee companies that Key Performance Indicators and financial outcomes have improved significantly since the move to EO.

In our view suitably motivated and properly structured EO businesses should make for interesting and rewarding investment opportunities – even during periods of severe economic turbulence such as the global Covid-19 pandemic.
Currently the financing needs of the EO sector are not being adequately met and we believe that demand for funding far

The Growth and Resilience of Employee Ownership
(Continued)

outstrips supply. All too often this results in vendor finance being the only option considered to fund the transition. This is not helped by the traditional view held by some established EO advisers that vendor finance is the only suitable way to fund an EO transition. It is encouraging that, in our experience, there are now many more corporate finance advisers offering services to SMEs considering a move to EO. However, they should be able to provide the vendor with financial and funding advice beyond the traditional vendor finance model. The experience and open-mindedness of such advisers is such that their assessment of the client's needs may or may not involve an element of vendor finance.

We, at C4C, would welcome more such advisers into the EO sector as this will benefit future and existing EO businesses.

After EO and Exit Considerations

Vendor finance is still the predominant source of financing for EO transitions. This can result in many years of deferred consideration payments to exiting owners which can act as a significant constraint on the growth and strategic direction of the business. Ideally EO businesses need to achieve the EO version of "freedom day" through ending the burden of a vendor's involvement in the business within a relatively short period after the transition to EO.

We believe that directors, employees and trustees should make future decisions based on the best interests of the business, which should not rule out a future sale. This is in contrast to a view held by some in the EO sector that EO businesses (once established) should never move out of employee ownership.

Impact of C4C's portfolio

As at August 31 2021, C4C had 15 companies in its portfolio. These employee owned businesses collectively produce an annual turnover of approximately £53.5m. Since C4C's initial investment, the number of employees in these companies has increased from 264 to 405.
Almost 90% of these employees have become direct or indirect shareholders during this time.
We are confident that the sector will continue to grow and to offer good investment opportunities for C4C and its patient capital.

C4C EO Impact Indicators

Since flotation in 2014, C4C has been monitoring the turnover and total employee numbers of its investees and these are shown below as at 31 August 2021. As per last year, and in response to suggestions from shareholders we have added some additional metrics relating to progress following C4C's first investment and these are also shown below (adjusted for investments exited).

EMPLOYEE OWNERSHIP STATISTICS	**2021 £'000s**	**2020 Adjusted £'000s**
Total turnover of C4C investees:		
*On a like for like basis	53,499	47,347
Additions during the year	831	-
As at 31st August 2021	54,330	47,347
Additional value created for employee owners**	11,382	5,482
Total number of people employed by C4C investees	Number	Number
*On a like for like basis	389	324
Additions during the year	16	
As at 31st August 2021	405	324
Additional jobs created**	141	72
Number of new employee owners**	353	275

* previous year adjusted for disposals
**Since first C4C investment

Chief Executive's Report

In last year's report we stated that all of C4C's investments had coped robustly with the challenges posed by the Covid-19 pandemic. It is pleasing to report, a year later, that this remains the case today and most of our investee companies have adapted to these challenges with innovative ideas that have positively enhanced the scale and quality of their earnings. As a result, the valuations of many of our investments have increased meaningfully during the year under review. We are convinced that the culture engendered by employee ownership and high levels of employee engagement has been a major factor behind the strong performance of our investment portfolio during these difficult times.

During the year to 31 August 2021 the Net Asset Value per share (NAV) rose by 32.3% to 69.71p. (2020: 52.69p). The strong trading performance of several companies in the portfolio resulted in net revaluation gains of £1.293m (2020: £1.346m) in addition to realised gains on disposals of £1.130m (2020: £0.307m). No loan impairments were required in the portfolio during the year under review. (2020: £0.1m).

Following a number of realisations during the year the Company's cash resources increased considerably. As at 31 August 2021 C4C had cash balances of £1.907m (2020: £0.388m) and no debt (2020: £nil).

Board Changes

John Eckersley stepped down as a non-executive Director of C4C in December 2020, to allow him to concentrate on his other business interests. The Board of C4C would like to thank John, on behalf of all the Company's stakeholders, for his outstanding contribution to the development of our business. As the founder of C4C, he played a key role in developing our portfolio of EOBs, whilst also highlighting the attractions and benefits of EOB's to a wider audience.

During the year C4C announced the appointment of three new Directors of the Company.

Richard Sloss was appointed as a non-executive Director in November 2020. Richard has more than 30 years' experience in the financial services sector, having worked as a fund manager at Scottish Amicable, as well as within UK and pan-European equity sales at firms including Deutsche Bank and Cantor Fitzgerald. Richard is currently a Director at Edison Group.

John Lewis was appointed as the Company's Finance Director in January 2021. John is a Chartered Accountant with over 30 years' experience at senior levels in a range of industries. John has also served as C4C's Company Secretary since inception and represents the Company on a number of investee companies' boards.

Bill Ainscough was appointed as a non-executive Director in March 2021. Bill has had a distinguished career in the residential construction sector. Having started his career as an architect, he moved into house building by founding Wainhomes in 1972. Over the following thirty years Bill grew Wainhomes through a number of mergers and acquisitions and, following a merger with Whelmar Housebuilders, he floated the Group on the London Stock Exchange in 1991. Bill also established Networkspace, a company involved in investment, development and management of commercial property and Windermere Marina Village. In 1999 he took Wainhomes back into private ownership. A significant part of the business was subsequently sold to Wilson Connolly in 2001, with the residual operations being renamed as the Wain Group. The Wain Group has since grown into a substantial business, with divisions in the South West and North West of England. In 2015 Bill set up the Himor Group, a land and property company that specialises in commercial development, land promotion, property investment and regeneration.

Activity

During the year under review, we completed one new investment. Craft Prospect Limited (CPL) is a space engineering business that develops enabling quantum and AI-based products and mission applications for the small satellite market.
Capital for Colleagues has invested £800,000 in ordinary shares in CPL. Craft Prospect will use the new funds for furthering its flight heritage capability, recruiting additional experience to its team, and developing new products and services, including through its Responsive Operations for Key Services (ROKS) mission, which is designed to demonstrate automated, efficient, and secure quantum communication services by combining responsive operations with Quantum Key Distribution (QKD) technology. Alongside C4C's investment, Scottish Enterprise also became a shareholder in Craft Prospect, having invested in CPL through its Early Stage Growth Challenge Fund. Subsequently the University of Strathclyde has also invested in CPL. Following these investments, CPL's management and employees have a 71.3% equity interest in Craft Prospect, an Employee Ownership Trust has 10.0%, Scottish Enterprise 3.7%, the University of Strathclyde 4.1% and Capital for Colleagues 10.9%.

During the year, C4C was pleased to be able to provide some of our investees with short and medium term funding totalling £141k principally to help them cope with working capital pressures arising due to the pandemic.

Chief Executive's Report (Continued)

Realisations

C4C differentiates itself in many ways from the traditional Private Equity approach. In particular we provide genuine patient capital to the companies in which we invest and do not put undue pressure on their management teams to provide us with an exit. Nevertheless, as the portfolio matures, opportunities arise for realisation of investments, either partially or complete.

- In February 2021 we sold our investment in Civils Store Limited for consideration of approximately £1.0 million, in cash, a profit on the original investment of around 150%.
- In March 2021 we sold our investment in Anthesis Consulting Group Limited for consideration of £1.15 million in cash, a profit on the original investment of around 155%.
- In August 2021 we sold our investment in Ecomerchant for consideration of £250,000 as part of a management and employee buyout, a profit on the original investment of around 150%. The consideration for the disposal was payable as £100,000 in cash on completion, with the balance payable over 5 years, deferred to enable repayments to be made from Ecomerchant's operational cash flow.

We wish all three companies well as they move to the next stage of their growth.

Highlights

Many of the companies in the portfolio made good progress during the year at the operating level and some highlights are provided below on a number of the company's equity investments. Further details on all of the company's investments can be found in the Investment Portfolio section below and on C4C's website.

Bright Ascension Limited

Bright Ascension (BAL) is an industry-leading space software technology provider, offering unique off-the-shelf software products and solutions for the delivery of space-based services, both on spacecraft and on the ground. The number of spacecraft in orbit using BAL software increased by 50% to 24 during the year under review, with several more scheduled for launch in the near future. During the year BAL raised £1m of additional equity to match development funding of approximately £1m that has been awarded to BAL as part of a European Space Agency (ESA) project. Bright Ascension will use the new funds for the development of next generation satellite software infrastructure, which will offer its customers a complete end-to-end software solution for space-based service provision. This expansion stage closely correlates to the company's participation in ESA's ARTES Pioneer programme, a multi-year project set to design and develop a cutting-edge end-to-end solution which will enable a wide range of companies to create innovative satellite constellation services at a significantly reduced cost and within a reduced timeframe.
The updated valuation of BAL as a result of the fund raising represents a further material uplift in the value of our investment in the company to £2m. BAL is the largest investment in the Company's portfolio.

Computer Application Services Limited

Computer Application Services (CAS) is a developer of case management software. Since our initial investment in 2016, CAS has grown its client base significantly in both its traditional public sector markets and newer markets that it has targeted in the private sector. CAS has also successfully developed overseas markets and in recent months added new clients in Bermuda, Trinidad & Tobago and in Minnesota. Over the last year recurring revenue grew by over 20% and now exceeds £1m per annum, covering a significant proportion of the company's cost base. The strong growth achieved by CAS has led to a significant increase in the valuation of our holding to almost £1.4m. CAS is the second largest holding in C4C's portfolio.

Hire and Supplies Limited

Hire and Supplies (H&S) was forced to close during the early stages of the Covid-19 pandemic. Following its re-opening, the company's high service levels and strong position in its markets in the West of Scotland and the North of England have led to significant growth in the business in the year under review. Turnover grew by over 45% and profits increased substantially, with EBITDA exceeding £1m for the first time. This has resulted in a significant increase in the valuation of our holding. The company continues to invest in its hire fleet, including in new ranges of electrically powered equipment and we anticipate further strong growth in future years.

Powered booms or "Cherry Pickers", part of Hire and Supplies' equipment for hire.

Chief Executive's Report (Continued)

Downward revaluations

It is pleasing to report that we have prudently reduced the valuation of only one of our ongoing investments in the year to 31 August 2021 and the adjustment was below £100,000. This revaluation was entirely related to the effects of Covid-19 and is anticipated to reverse in the current financial year as the business returns to normal trading patterns.

Dividend

The Board of C4C believes that where profitable realisations occur, it would be appropriate to distribute some of these gains to shareholders. Last year we reported that the company was constrained in its ability to pay dividends due to the deficit in its distributable reserves but that realisations and other corporate transactions should permit the declaration of a dividend of at least 1p in the results for the year to 31 August 2021.
It is pleasing to report that the company now has distributable reserves and a final dividend of 1.5p per ordinary share will be paid on 3rd March 2022 to shareholders on the register on 4th February 2022.

Outlook

It is clear that the Covid-19 pandemic is an ongoing challenge that the business world must deal with and the potential for unexpected disruption to normal trading remains a meaningful risk. Notwithstanding this, we are confident that our portfolio of investments will continue to perform well.

Our confidence stems from the outstanding reaction from the management and employees across our portfolio to the challenges posed by the first eighteen months of the pandemic. We remain firmly convinced that the culture engendered by employee ownership and the associated high levels of employee engagement have been a major factor behind this.
One such example is the National Self Build and Renovation Centre (see below) which was forced to close its doors to the public at various times during the past 18 months. However, innovative thinking, fostered by a very strong employee ownership culture helped the business to cope with the severe challenges that it faced, indeed, many of the new initiatives adopted have improved the company's resilience and enhanced its future growth prospects.. We were delighted to see these achievements recognised by the award to the Centre of the **2021 EOA Stories Award for 'Business Resilience'!**

Our pipeline of new opportunities for potential investment from C4C is as strong as it has ever been and encompasses interesting businesses across a range of industry sectors. While there can be no guarantee that any companies in the pipeline will proceed to the investment stage, we are confident that we will be in a position to update shareholders on exciting new investments in the near future.

Alistair Currie
Chief Executive Officer

Some of the NSBRC team with the EOA stories Award for Business Resilience 2021

Investment Portfolio

Capital for Colleagues plc Investment Portfolio

Profiles of all of the companies where C4C has an equity investment are provided below along with the website addresses for those seeking additional information on our investee companies.

2C Services Limited

www:2cservices.co.uk

2C Services (2C) is an information technology service provider based in the South of England, with its own state of the art private cloud-hosting infrastructure. It offers front line support of flexible and customised hosting solutions for desktops and services with offsite backup and replication, and virtual disaster recovery with a particularly wide service offer to an SME customer base to which it sometimes acts as a dedicated “Internal IT Department”.
In a number of cases C4C has found that the transition to EO from a former corporate or individual owner has highlighted the need for a new IT service provider or a more responsive IT service. This has resulted in a number of successful referrals being made to 2C and has also facilitated the growth of existing C4C investees.
The company is now well established, profitable and growing with employee ownership as a realistic exit option for its founders in due course.

Bright Ascension Limited

www.brightascension.com

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

BAL was founded in 2011 to offer a fresh and innovative approach to space software. Initially, the company provided consultancy services for the European Space Agency (ESA) and large aerospace companies.
In 2012, the team was given the opportunity to lead software development for UKube-1, the UK’s first ever CubeSat, funded by the newly-formed UK Space Agency, which culminated in the successful launch in July 2014.

The success of the UKube-1 project provided the foundation for the development of the company’s space software product suite and established flight heritage for the company. Since then the company has worked with more than 35 customers across the globe and has supplied software products and services for a wide range of satellites and space missions.

Today, 26 spacecraft have reached orbit with Bright Ascension’s software onboard and at least 8 more are due to launch by 2023.

The growth in Bright Ascension’s customer base and significant increase in the company’s Intellectual Property portfolio, has enabled the company to undertake a significant fund-raising during the year. BAL raised £1.0m of additional equity to match development funding that has been awarded to the company as part of an ESA project. Bright Ascension will use the new funds for the development of the next generation end-to-end solution for the delivery of space-based services, closing the gap in the market for the provision of single-source full-cycle satellite software.
This expansion stage closely correlates to the company’s participation in the ESA’s ARTES Pioneer programme, a multi-year project set to design and develop a cutting-edge solution which will enable a wide range of companies to create innovative satellite constellation services at a significantly reduced cost and within a reduced timeframe.

Computer Application Services Limited

www.casltd.com

Computer Application Services (CAS), based in Edinburgh, is a developer of Workpro case management software. Applications include the management of regulated complaints, where complex elements must be routinely managed. CAS also offers IT support in niche areas, including the provision of services to the Ministry of Defence; noise monitoring on a number of Army training ranges and managing pilot training activities at RAF Spadeadam.
Before CAS moved to employee ownership in 2014, case management clients were exclusively members of the UK Ombudsman community managing housing, local government and legal complaints. Ombudsman clients remain an important element of CAS’s business and the company now has a number of Ombudsman clients in the Caribbean and North America.
However, investment to develop Workpro as a ‘software as a service’ product has resulted in CAS opening up new markets in both the public and private sectors in the UK and overseas.
Workpro applications have been developed for employee relations casework, regulated financial complaints, management of Freedom of Information requests and other applications where casework can be complex.
CAS strategy is to build recurring revenue through the sale of annual Workpro licences with associated support revenue including the provision of hosting which is now a profit centre in its own right. The quality of the CAS offering is highlighted by the exceptionally high client retention rate and increasing

Investment Portfolio (Continued)

evidence that CAS is winning new clients in competition with more established rivals.
CAS has a strong pipeline of new corporate and government sector prospects that should enable the company to continue to grow at a healthy rate.

Craft Prospect Limited

www.craftprospect.com

Craft Prospect Limited (CPL) was founded in 2017 and is a Glasgow based space engineering business that develops enabling quantum and AI-based products and mission applications for the small satellite (nano satellites) market.
C4C invested £800,000 in CPL on the 31st August 2021. CPL will use the new funds for furthering its flight heritage capability, recruiting additional people into its team, and developing new products and services, including through its Responsive Operations for Key Services (ROKS) mission, which is designed to demonstrate automated, efficient, and secure quantum communication services by combining responsive operations with Quantum Key Distribution (QKD) technology.

Alongside C4C's investment, Scottish Enterprise also became a shareholder in Craft Prospect, having invested in CPL through its Early Stage Growth Challenge Fund. Subsequently the University of Strathclyde has also invested in CPL. Following these investments, CPL's management and employees have a 71.3% equity interest in Craft Prospect, an Employee Ownership Trust has 10.0%, Scottish Enterprise 3.7%, the University of Strathclyde 4.1% and Capital for Colleagues 10.9%.

Employee Owners Group Limited *(trading as Carpenter Oak)*

www.carpenteroak.com

Carpenter Oak has been a leading and award-winning provider of predominantly hand-finished oak framed buildings and structures since the late 1980's. It operate from yards in SW England and Central Scotland, employing around 35 skilled designers and craft carpenters, having completed hundreds of projects, which range from a few thousand to over £1.0m, including high profile works both in the UK and overseas.
In 2017, two companies trading under similar names merged and the founders and shareholders of both businesses committed themselves to the journey towards Employee Ownership, with the support of C4C.
The early stages of that journey were difficult against a backdrop of adverse market conditions and strong price-based competition. Despite a longstanding admirable employment culture and the commitment to Employee Ownership much of the funding earmarked to buyout the founders and progressively increase the size of the employee shareholding was instead used to restructure the business under new leadership and secure survival.
Despite the global pandemic, 2020 was a successful year with record profits and cash generation with substantial and high profile new orders secured in 2021. Attention is now turning to completing the journey to majority Employee Ownership with support from C4C, including pilot participation of employees in C4C's Better Business for Colleagues programme.

Normandy Memorial Trust built by Carpenter Oak.

Hire and Supplies Limited

www.hireandsupplies.com

Hire and Supplies Limited (H&S) is a plant and tool hire business with high levels of customer service, operating from two locations in the west of Scotland, in areas where national competitors are comparatively weak. It provides an extensive range of equipment into a wide range of local markets, which whilst being capital intensive, provides a considerable degree of operating resilience. H&S has performed particularly well throughout the pandemic with the majority of its services and assets in high demand.
In 2014 C4C facilitated the management buyout of the trade and assets of H&S from the administrator of a previously well-established business. Having secured the return of its initial loan, C4C has since reinvested in equity and supported management to grow the business significantly through retaining profits and leveraging a hire fleet which has grown to over £5.0m in value since the management buyout.
C4C is supporting the growth of Employee Ownership as a possible exit option for existing management and owners, with new recruits being introduced to the EO culture. The company also provides high quality skilled employment prospects in the relatively remote areas in which it operates.

Investment Portfolio (Continued)

The Homebuilding Centre (Holdings) Limited *(trading as the National Self Build and Renovation Centre - NSBRC)*

www.nsbrc.co.uk

The NSBRC is currently the UK's only permanent Exhibition Centre for Self Build, Renovation and Home Improvement. Based in a 67,000 sq. ft. building at Junction 16 of the M4 near Swindon the centre is designed specifically to meet the needs of anyone looking to undertake a self-build, renovation or home improvement project.
The centre contains 3 full-size exhibition houses on permanent display, as well as educational areas featuring an array of exhibitions covering groundworks and foundations, to building systems and roof types, plus a full-scale renovation house, that takes visitors through the journey of a major renovation project.
The NSBRC is free to visitors with revenue coming from over 250 permanent exhibitors augmented by training courses and third party conferences and events.

The business and its sector enjoy considerable cross-party political support and the centre regularly plays host to senior members of parliament and television news channels.
C4C was instrumental during 2013 and 2014 in securing the survival of the business after a period of financial crisis and in successfully establishing it as an employee owned business.
The NSBRC has since become an exemplary EOB with strong leadership and engaged and committed employees who now own 80% of the shares in their business.
Prior to the pandemic these qualities enabled the NSBRC to meet or exceed all financial targets agreed when C4C first invested with all employees participating in resulting dividends and bonuses as well as significant financial returns for C4C.
These same qualities have enabled the business to once again survive a very difficult period of multiple (Covid-19 related) closures to the public, from which the business is now recovering strongly. A winner of multiple business awards, it has most recently been awarded the Employee Ownership Association's 2021 EOA Stories Awards for "Business Resilience".

Visitors attending an exhibition at the Centre

Investment Portfolio (Continued)

Merkko Group Limited
www.merkko.com

Merkko was established in 2006 as a single branch, general builders' merchant near Abingdon, Oxford supplying a wide range of building materials with high levels of customer service to a large number of local builders. It took the business some time to become fully established but in 2013 the opportunity arose to establish a second branch at Aldermaston near Reading, which C4C supported alongside other shareholders.
The Aldermaston branch has also taken some time to establish itself, but was trading profitably leading into the pandemic. Covid-19 had a particularly positive impact on both Merkko branches, as many small builders, disenfranchised by the national merchant chains, were able to trade with Merkko.
Having now retained this loyal customer base, both branches have continued to trade successfully and have managed to negotiate materials shortages and price increases whilst providing excellent customer service.
In July 2020, C4C sold its A ordinary shares in Merkko for £400,000, a profit on the original investment of 100%. £150,000 of the proceeds were used to purchase ordinary shares in the Company, resulting in C4C owning approximately 10% of Merkko's equity capital.

Merkko's newly erected outdoor covered timber storage area.

Office for Public Management Limited *(trading as Traverse)*
www.traverse.ltd

Office for Public Management Limited (OPM) has been trading as Traverse since 30 April 2018. The company was founded in 1989 and provides services in Consultation, Evaluation, Engagement, Organisational Development and Social Investment. Since 2006, OPM has been fully owned by its employees through an employee ownership trust.

In 2016 C4C invested £250,000 in OPM to support its growth and development. On 19 October this year, C4C sold its investment in OPM for £469,000 and in realising this investment, OPM reverts to being a 100% Employee Owner Business.

Place 2 Place Logistics Limited
www.p2plogistics.co.uk

Place 2 Place Logistics (P2P) is an established logistics company, operating in the Midlands. In addition to P2P's core general haulage business as a member of the Pall-Ex distribution network, the company also operates a specialist medical logistics business. P2P currently has 20 lorries and 25 vans that make up its vehicle fleet. P2P has grown to 63 employees and despite recent market turbulence, the employees have been very loyal to the company over the past years.
P2P has a broad customer base with over 100 customers, with most of these being situated in the Potteries.
Recognising the government's climate change and emissions targets, the P2P fleet is migrating towards cleaner air, more fuel efficient vehicles. Over the next 2 years, the fleet will be completely Euro 6 compliant, which signifies a significant reduction in Nitrogen Oxide gases. In addition, lorry fuel efficiency is expected to increase by more than 5%.
C4C first invested in the company in 2015 and has supported P2P with short term loans to enable it to take advantage of market opportunities.

South Cerney Outdoor Limited
www.southcerneyoutdoor.co.uk

South Cerney Outdoor (SCO) is an outdoor recreation centre originally established in 1979 on its current 53 acre site, which includes a 47 acre lake in the popular Cotswold Water Park area. It was initially operated as a public service by Gloucestershire County Council, with the main visitor building having been opened by Princess Anne in 1990.
In late 2019 the senior team at South Cerney Outdoor was able to secure the funds and support from C4C to acquire the business. Since then, all employees have become direct shareholders via a Share Incentive Plan, in addition to being beneficiaries of an Employee Ownership Trust.
The business is traditionally seasonal and relies on daily bookings from school groups and the general public through the Spring and Summer period to cover its operating costs for the whole year. It was consequently initially severely impacted by the Covid-19 pandemic as the centre was required to close.

Investment Portfolio (Continued)

However, government support together with significant revisions to the operating model during periods when opening was allowed, enabled the business to survive through 2020. The successful launch of a café during 2021 along with planned further investment in a land based "High Ropes" facility is positively transforming the outlook for the business to the benefit of all shareholders.

Recently completed café on lake at South Cerney Outdoor

The Security Awareness Group Limited *(trading as TSC)*

www.thesecuritycompany.com

TSC delivers security awareness programmes for many of the world's blue-chip companies through bespoke communications campaigns, on-line learning and face-to-face training events. The cyber security threat has never been greater and TSC's bespoke solutions boost employees' security awareness at work and home and inspire changes in behaviour that protect organisations from inadvertent human error.

Since C4C's investment in December 2019, the company has demonstrated great resilience throughout the Covid-19 epidemic, in no small part due to its strong employee ownership culture.

With a noticeable increase in interest and competition in cyber behavioural awareness and change for employees, TSC is still recognised as one of the top quartile service providers. The solid operational and financial foundations laid in 2020 are expected to deliver significant growth and profitable performance this financial year.

Total Pipeline Solutions Limited

www.total-pipeline.com

Total Pipeline Solutions (TPS) sources, markets and distributes a specialist range of pipes, valves, fittings and other associated products for the public utility and private development markets throughout the Republic of Ireland and Northern Ireland, with particular focus on the water market.

Operating from two branches near Dublin and Belfast, both businesses are well established and TPS was one of C4C's first investments in 2013, supporting the buyout by current management with all-employee participation in profit and capital growth established from the outset. This has been adapted over time to fit within the Irish jurisdiction where the business is registered and where the concept of Employee Ownership is still relatively immature.

The Northern Irish market has been difficult for a number of years through lack of local government water infrastructure spending, but TPS has been able to trade profitably and is well positioned for future capital expenditure programmes. However, TPS is the clear market leader in its field in Ireland and has been able to build on its experience in the UK water markets.

As a result, Group profit and all-employee distributions have risen steadily over the years along with dividends to C4C and the business has strong leadership, continuing growth prospects and a positive employee ownership culture.

The pandemic caused a significant slowdown in water industry spend but generous financial support for TPS from the Irish government enabled TPS to use the first lockdown period to successfully conclude a previously planned relocation to improved premises without the short term disruption to customer service that would otherwise have resulted.

Strategic Report

The Directors present their Strategic Report for the year ended 31 August 2021.

Principal Activities

The Company is an investment company focused on the employee owned business sector. 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. The Company holds 100% of the share capital of C4C Ownership Partners Limited (a dormant company).

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.

Business Review

The Company's core investment focus is on private EOBs and to this end the Company ended the period with a portfolio of 15 (2020: 16) unquoted EOBs with the Company's investments (including short-term loans) being valued at £8.76m. 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 of £0.44m was consistent with the prior year (2020: £0.57m) (see note 4).

At £2.42m net fair value gains were well ahead of last year's figure of £1.65m due to some encouraging business revaluations completed during the year. This was offset by the impairment of loan receivables of £nil (2020: £0.10m).

We reported retained profits of £2.63m (2020: £1.43m) this year, which produced basic and fully diluted earnings of 17.01p (2020: 9.25p) per Ordinary share.

The net asset base of the company increased from £8.14m in 2020 to £10.76m and the cash flow statement reflects a busy and positive year.

At the end of the year, the Company's portfolio of unquoted investments (excluding loans) was valued at £7.82m (2020: £6.95m) and comprised 15 companies operating across a range of sectors which generated total turnover of around £53.5m per annum and supported approximately 405 jobs. We measure our success by an increasing NAV. As at 31st August 2021, the total NAV was £10.76m (2020: £8.14m) and NAV per share was 69.71p (2020: 52.69p).

The directors propose to pay a dividend this year of 1.5p per share. (2020: £nil) as disclosed in note 10.

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 cash on deposit, while allowing the Company to realise cash relatively quickly if it is required for investment elsewhere.

The Company did not hold any publicly traded investments at 31 August 2021 (2020: £nil).

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.

At 31 August 2021, the Company's portfolio of loans and investments was valued at £8.76m and comprised the following:

	2021 £'000	**2020 £'000**
Investments	7,820	6,950
Long term loans	239	452
Total investments and long term loans	**8,059**	**7,402**
Short term loans	680	622
Other loans advanced	16	17
Total unquoted investment portfolio	8,755	8,041

As at 31 August 2021, the Company's portfolio of unquoted investments valued at £8.059m (2020: £7.402m) (excluding short term loans) comprised 15 (2020: 16) 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.

Strategic Report (Continued)

Unquoted investments

As at 31 August 2021 the portfolio excluding short term loans comprised 15 (2020: 16) companies operating across a range of sectors as shown in the table below:

INDUSTRIALS		2021 % of Portfolio	2020 % of Portfolio
Construction and Materials	Ecomerchant Natural Building Materials Limited Employee Owners Group Limited (trading as Carpenter Oak) TPS Investment Holdings Limited Merkko Group Limited		
Industrial Transportation	Place 2 Place Logistics Limited		
Support Services	Flow Control Company Limited Hire and Supplies Limited Office for Public Management Limited (trading as Traverse) The Security Awareness Group Limited		
TOTAL INDUSTRIALS (value: £3,215k) (value 2020: £3,778k)		**39.89%**	**51.03%**
MEDIA			
Exhibition Centres	The Homebuilding Centre (Holdings) Limited (trading as The National Self Build & Renovation Centre)		
TOTAL MEDIA (value: £492k) (value 2020: £586k)		**6.11%**	**7.92%**
TECHNOLOGY			
Software & Computer Services	Computer Application Services Limited 2C Services Limited Bright Ascension Limited Craft Prospect Limited		
TOTAL TECHNOLOGY (value: £4,263k) (2020: £3,038k)		**52.89%**	**41.05%**
LEISURE & TRAVEL			
Recreational Services	South Cerney Outdoor Limited (*)		
TOTAL LEISURE & TRAVEL (value : £89k) (2020: £NIL)		**1.11%**	**0.00%**
TOTAL UNQUOTED PORTFOLIO Value 2021: £8,059k (2020: £7,402k)		**100%**	**100%**

(*) the funding structure of South Cerney Outdoor Limited "SCO" was not completed by the year-end 2020 and at that point was still financed by the short term loans provided by C4C when SCO acquired their business and commenced to trade. Since the 31st August 2020, C4C have taken up the equity stake which was originally agreed. The table above excludes short term loans & hence SCO was shown as NIL in the previous year.

Strategic Report (Continued)

Section 172 (1) Statement

Section 172 of the Companies Act 2006 requires a director of the company to act in a way that he or she considers, in good faith, would most likely promote the success of the company for the benefit of the stakeholders as a whole. In doing this, Section 172 requires a director to have regard, amongst other matters, to the:

- Likely consequences of any decisions in the long-term:
- Interests in the company's employees;
- Need to foster the company's relationships with suppliers, customers, regulators and others;
- Impact of the company's operations on the community and the environment;
- Maintenance of its reputation for high standards of business conduct; and
- Need to act fairly as between the different stakeholders of the company.

In discharging its section 172 duties, the Company has regard to the interests and views of its internal and external stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities, the Company aims to make sure its decisions are consistent and equitable.

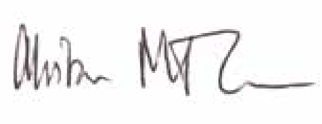
The Company is an investment company quoted on the Aquis Growth Market and its members will be fully aware, through detailed announcements, shareholder meetings and financial communications, of the Board's broad and specific intentions and the rationale for its decisions.

The Company pays its employees and creditors promptly and keeps its costs to a minimum to protect shareholders funds. When selecting investments, issues such as the impact on employee ownership, the community and the environment have actively been taken into consideration; as is clear from the portfolio set out else-where in these annual accounts.

The application of the s172 requirements can be demonstrated through the range of investments that the Company holds as described earlier in this report. These investments have been chosen to maximise profits for our members, whilst ensuring they meet our requirements on their impact on employee ownership, the local communities and the environment.

Approval

This report was approved by the Board of Directors and authorised for issue on 7th December 2021 and signed on its behalf by:



Alistair Currie
Chief Executive Officer

Directors' Remuneration Report

Introduction

The Directors present the Directors' Remuneration report for the year ended 31 August 2021. This entails two sections being the Policy Report and an Annual Remuneration Report which are presented below.

The Company's auditor, Beever and Struthers, is required to review that certain disclosures of directors' remuneration specified by law are made in this report, this comprises the Directors Remuneration and the information on Directors' shareholdings which is contained in the Directors' report on page 18 and 19 and also forms part of this Directors' Remuneration report. Their report on these and other matters is set out on page 21 to 26.

Consideration by the Directors of Matters Relating to Directors' Remuneration

The Company has established a Remuneration & Nominations Committee to 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 Directors' remuneration policy is reviewed annually by the Board.

The Company's policy is for the Directors to be remunerated in the form of salaries, payable monthly in arrears. The executive directors are also entitled to participate in the company's Share Incentive Plan (SIP).

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 salaries 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 Directors' 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

	2021 Salaries £'000	2021 Pension payments £'000	2021 Share-based payments £'000	2021 Total £'000	2020 Total £'000
Executive Directors					
Alistair Currie	75	-	7	82	47
John Lewis (from 01/02/2021)	41	4	4	49	-
Non-Executive Directors					
John Eckersley	5	-	-	5	15
Edmund Jenkins	16	-	-	16	15
Richard Bailey	21	-	-	21	19
Richard Sloss	14	-	-	14	-
Bill Ainscough*	-	-	-	-	-
Total	**172**	**4**	**11**	**187**	96

*Bill Ainscough has kindly waived his salary as a Non-Executive Director.

Directors’ Remuneration Report (Continued)

Directors’ and other substantial interests in shares

Directors’ and other substantial interests in the shares of the Company, including family interests, were as follows:

Directors	At 31 August 2021		At 31 August 2020	
	Number of ordinary shares	Percentage (%)	Number of ordinary shares	Percentage (%)
Bill Ainscough (Director this year)	1,538,400	9.96	1,538,400	9.96
Liontrust Investment Partners Limited	1,525,423	9.88	N/A	N/A
CFP Castlefield Portfolio Funds	1,165,651	7.55	1,165,651	7.55
Alistair Currie (Director)	572,369	3.71	507,119	3.28
Heygate Group Pension	-	-	539,646	3.49
Liontrust Sustainable Future UK Ethical	-	-	915,253	5.93
Liontrust Sustainable Future UK Growth	-	-	610,710	3.95
John Lewis (Director this year)	284,554	1.84	N/A	N/A
Richard Bailey (Director)	183,369	1.19	183,369	1.19
Edmund Jenkins (Director)	115,136	0.75	76,270	0.49
Richard Sloss (Director)	105,275	0.68	N/A	N/A
John Eckersley (Director last year)	510,909	3.31	510,909	3.31

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 basic salary, contributions to defined pension scheme arrangements, share-based payments and benefits in kind such as medical insurance as noted above.

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 20 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:

Richard Bailey.

Richard Bailey
Chairman
Date: 7th December 2021

Directors' Report

The Directors present their report for the year ended 31 August 2021.

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 Aquis Growth Market on 17 March 2014, (formerly called NEX Exchange Growth Market). The principal activities of the Company are set out in the Strategic Report on page 12 to 15.

Results For The Year

The results for the year are set out in the statement of comprehensive income on page 27.

Dividend

The directors propose to pay a dividend for the year of 1.5p per share (2020: £nil). See note 10

Going Concern

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

Post Balance Sheet Events

Post balance sheet events have been disclosed in note 21 of the financial statements.

Directors

The Directors who served during the year were as follows:

Alistair Currie	
Edmund Jenkins	
Richard Bailey	
Richard Sloss	– appointed 01/11/2020
John Lewis	– appointed 26/01/2021
Bill Ainscough	– appointed 23/03/2021
John Eckersley	– resigned on 22/12/2020

Substantial Shareholdings

Substantial shareholdings are shown together with directors' shareholdings in the Directors' Remuneration Report. (above).

Corporate Governance

The Directors are committed to maintaining high standards of corporate governance, and propose, so far as is practicable given the size and nature of the Company, 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 and structure of the Company. These controls will continue to be reviewed as the Company develops and will be revised accordingly.

Directors' Report (Continued)

Board Composition and Board Committees:	
C4C has a Board of six people as below:	
Non-Executive Chair:	Richard Bailey
Non-Executives:	Bill Ainscough, Ed Jenkins & Richard Sloss
Executive Director:	Alistair Currie & John Lewis

C4C has established Board Committees for Audit, Remuneration and Nominations.	
Audit Committee	
Chair:	Ed Jenkins
Members:	Bill Ainscough, Richard Bailey & Richard Sloss
Financial Expert:	Richard Bailey

Remuneration and Nominations Committee	
Chair:	Richard Bailey
Members:	Bill Ainscough, Ed Jenkins & Richard Sloss

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 they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they 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.

Auditors

In accordance with Section 489 of the Companies Act 2006 a resolution will be proposed at the Annual General Meeting that Beever and Struthers be re-appointed auditors.

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

Alistair Currie
Chief Executive Officer
Date: 7th December 2021

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 prepared the company financial statements in accordance with the International Financial Reporting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006.

The financial statements are required by law and IFRS in conformity with the requirements of the Companies Act 2006 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 in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors 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 'Company') for the year ended 31 August 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement 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) in conformity with the requirements of the Companies Act 2006.

In our opinion:
- The financial statements give a true and fair view of the state of the company's affairs as at 31 August 2021 and of the profit for the year then ended;
- The financial statements have been properly prepared in accordance with IFRSs in conformity with the requirements of the Companies Act 2006; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the impact of any potential bad debts on loans advanced as explained fully within key audit matters section of our report. We concur with management's assessment of the expected credit losses within the loan book and have concluded that management has adequate procedures in place to identify loans that may become impaired over the longer term.
- Reviewing the budgets and forecasts for headroom to meet the ongoing business expenses. The nature of the business is such that the timing of investment opportunities can't be predicted in the long term and therefore long range business forecasts are not considered a reliable measure of the future performance of the Company. We have reviewed the available cash resources of the business and consider there to be sufficient headroom to meet the ongoing expenses of the business.
- Reviewing management's assessment of the underlying business of the investee companies to identify any potential concerns over the longer term viability of the investee companies which may cast doubt over the investment recoverability. We concur with management's assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 2021 and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Independent Auditor’s Report To The Members Of Capital For Colleagues PLC (Continued)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Valuation of unlisted investments held at fair value by the company

We focused on the valuation of investments held at fair value as these 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 revenue;
- Using net assets; and
- Using recent external valuation prices and recent offers.

</td><td>

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.

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;
- Tested the mathematical accuracy and integrity of the valuation models.

This, together with our review of information on the investee entities enabled us to challenge the appropriateness of the methodology and key inputs used, and the valuations themselves.
We found that management’s valuations of unlisted investments were materially supported by the available evidence, and in particular that the assumptions were appropriate and free from management bias.

</td></tr>
</table>

Independent Auditor’s Report To The Members Of Capital For Colleagues PLC (Continued)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Impairment of loan receivables

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

We have:
• Agreed the existence of the loan receivables to supporting documentation including investment agreements.
• Agreed additions and disposals in the year to supporting investment agreements and traced a sample of cash payments and receipts to bank statements in the year and post year end where applicable.
• Obtained direct confirmation of the year end loan balances through 3rd party circularisation.
• Performed predictive analytical procedures to ascertain expected loan interest receivable and compared this to the amounts recognised by the Company in the year.
• Challenged the assumptions used by the Company in determining the fair value and hence the recoverability of the loan receivables at the reporting date whilst also considering the security held against the loans.

We found that the final impairment of loan receivables was materially supported by available evidence and explanations.</td></tr>
</table>

Independent Auditor's Report To The Members Of Capital For Colleagues PLC (Continued)

Our application of materiality

Our audit work is based upon an assessment of materiality to identify misstatements contained in the financial statements considered fundamental to the reader. We consider the materiality of a misstatement to the class of transaction or balance to which it belongs and the overall impact of the balance on the statement of income and retained earnings account and the statement of financial position. An item would be considered material to the financial statements if, through error or non-disclosure, the financial statements would no longer show a true and fair view.

The materiality for the financial statements was set at £217,000 (2020: £170,000) which represents approximately 2% of gross assets. Gross assets is considered a suitable benchmark as the Company is an investment company which focuses on investments and loan advancements.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality. We also determine lower levels of specific materiality for certain areas such as Board Members' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the Audit Committee to be £10,850 (2020: £8,550) being 5% of materiality. Additionally, we communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The materiality calculated has been applied to our audit work at the planning stage which included, but was not restricted to, a review of the underlying basis of investment valuations and fair value movements during the year and undertaking an evaluation of the systems and controls in place on the core transaction cycles designed to capture and record information for the financial statements disclosures. Materiality was applied to the undertaking of substantive testing including analytical and sample testing on significant transactions and material account balances.

The scope, nature, timing and extent of our audit procedures performed was determined by our risk assessment and was communicated to the Audit Committee through our audit plan.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

Independent Auditor's Report To The Members Of Capital For Colleagues PLC (Continued)

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector in which the business operates;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Regulations governing the AQSE Growth Market exchange, Companies Act 2006 and taxation legislation;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries using data analytic software to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

Independent Auditor’s Report To The Members Of Capital For Colleagues PLC (Continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation; and
- Enquiring of management as to actual and potential litigation and claims.

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

Other Matters which we are Required to Address

We were appointed auditors by the Directors of the Company on 12 June 2020. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is two years.

We have not provided any non-audit services to the company.

Our audit opinion is consistent with the detailed report provided to the Audit and Risk Committee.

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.

Beever & Struthers

Caroline R Monk, BA, FCA (Senior Statutory Auditor)

For and on behalf of Beever and Struthers, Statutory Auditor
St George’s House
215 – 219 Chester Road
Manchester
M15 4JE

Date: 7th December 2021

Statement Of Comprehensive Income

	Note	2021 £'000	2020 £'000
Revenue	4	435	569
Fair value gain / (loss) on investments	7	2,423	1,653
Total income from investing activities		2,858	2,222
Administrative expenses		(518)	(549)
Impairment of loan receivables	13	-	(100)
Impairment of investments in associate	12	-	(2)
OPERATING PROFIT		2,340	1,571
Finance income / (costs)		1	(4)
Profit for the year before tax		2,341	1,567
Tax credit / (charge)	8	286	(138)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		2,627	1,429
Earnings per share attributable to the ordinary equity shareholders			
Basic and diluted	9	17.01p	9.25p

All the activities of the company are from continuing operations.

The notes on pages 31 to 46 form part of these financial statements.

Statement Of Financial Position

Company Number: 08717989

	Notes	2021 £'000	2020 £'000
NON-CURRENT ASSETS			
Intangible fixed assets	**11**	5	1
Tangible fixed assets	**11**	1	1
Investments	**12**	7,820	6,950
Loan receivables	**13**	239	452
TOTAL NON-CURRENT ASSETS		8,065	7,404
CURRENT ASSETS			
Loan receivables	**13**	680	622
Trade and other receivables	**14**	212	79
Cash and cash equivalents		1,907	388
TOTAL CURRENT ASSETS		2,799	1,089
TOTAL ASSETS		10,864	8,493
CURRENT LIABILITIES			
Trade and other payables	**15**	(100)	(70)
NON-CURRENT LIABILITIES			
Provisions for liabilities	**17**	-	(286)
TOTAL LIABILITIES		(100)	(356)
NET ASSETS		10,764	8,137
CAPITAL AND RESERVES			
Called up share capital	**18**	6,176	6,176
Share premium		1,099	1,099
Retained earnings		3,489	862
TOTAL EQUITY		10,764	8,137

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

Alistair Currie
Chief Executive Officer
Date: 7th December 2021

notes on pages 31 to 46 form part of these financial statements.

Statement Of Changes In Equity

	Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Total £'000
Balance at 31 August 2019	6,176	1,099	(567)	6,708
Profit for the year	-	-	1,429	1,429
Balance at 31 August 2020	6,176	1,099	862	8,137
Profit for the year	-	-	2,627	2,627
Balance at 31 August 2021	6,176	1,099	3,489	10,764

The notes on pages 31 to 46 form part of these financial statements.

Cash Flow Statement

	2021 £'000	2020 £'000
Cash flows from operating activities		
Profit after tax	2,627	1,429
Adjustments for:		
Depreciation and amortisation	3	1
Bad debt expense	-	100
Bank interest (receivable)/payable	(1)	4
Interest income on loans	(125)	(204)
Dividend income	(79)	(73)
Taxation charge	(286)	138
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	(140)	15
Increase/(Decrease) in trade and other payables	30	(38)
Fair value (gains) on investments	(2,423)	(1,653)
Cash generated from operations	(394)	(281)
Bank interest received/(paid)	1	(4)
Tax refund	-	23
Net cash used in operating activities	(393)	(262)
Cash flows from investing activities		
Payments to acquire tangible fixed assets	(7)	(1)
Payments to acquire investments	(2,850)	(449)
Proceeds from the disposal of investments	4,403	787
Dividends received	79	73
Loans advanced	(141)	(469)
Repayment of loans from loan receivables	296	223
Interest receipts from loan receivables	132	225
Net cash generated in investing activities	1,912	389
Net cash inflow for the year	1,519	127
Cash and cash equivalents at start of year	388	261
Cash and cash equivalents at the end of the year	**1,907**	**388**

The company does not have any debt.
The notes on pages 31 to 46 form part of these financial statements.

Notes To The Financial Statements

1. GENERAL INFORMATION

Capital for Colleagues plc is a public limited company incorporated and domiciled in England and Wales under the Companies Act 2006. The Company's ordinary shares are traded on the AQUISGrowth Market, 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 12 to 15.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) in conformity with the Companies Act 2006, and the Companies Act 2006 as applicable to companies reporting under IFRSs. The principal accounting policies adopted by the Company 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 Company management to exercise judgment in applying the 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 financial statements are prepared on a historical cost basis, except for investment in shares and loan receivables which have been measured at fair value, and are presented in Pound Sterling, which is the Company's functional currency.

c) Going Concern

The 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 show 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 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 has 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.

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.

Where the above conditions are met, consolidated financial statements are prepared to 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 eliminated in full.

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.

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

As outlined, the company only has one subsidiary (C4C Ownership Partners Limited) which is both immaterial and dormant during the current and previous year and has net assets of £1. The accounting policy of the Company is not to consolidate immaterial subsidiaries and on this basis, consolidated accounts for the group have not been prepared.

e) Investments in Associates

Where the Company 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 statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Company's share of post-acquisition profits and losses and other comprehensive income is recognised in the statement of profit and loss and other comprehensive income (except for losses in excess of the Company's investment in the associate unless there is an obligation to make good those losses). Profits and losses arising on transactions between the Company 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 Company'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.

f) New accounting standards, amendments and interpretation of existing (separately or together "new accounting requirements"), effective from 1 January 2020.

The Company has adopted the following standards for the first time in the current year:

- Amendments to IFRS3 – definition of a business. IFRS3 requires the assessment of an acquisition as either a business or an asset acquisition.
- Amendments to IAS1 and IAS8 – definition of material. The amendment clarifies the definition of material, making IFRSs more consistent.
- Amendments to IFRS9, IAS39 and IFRS17 – interest rate benchmark reform. The Phase 1 amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.
- Conceptual Framework – amendments to references to the conceptual framework in IFRS standards. The framework is not an IFRS standard but will be used in future standard-setting decisions.

Adoption of the above amendments has not had a material impact on the financial statements.

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

The following standards have been published but are not yet effective and have not been early adopted by the Company.

- IFRS17 "Insurance Contracts"
- IAS1 (amendment) – Classification of liabilities as current or non-current.

The directors do not expect the adoption of the standards listed above to have a material impact on the financial statements of the company in future periods.

h) Functional and presentation currency

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

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 asset with an alternative use for the company. These services represent ongoing 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.

j) Intangible and tangible fixed assets

Intangible assets are initially recorded at cost and are subsequently stated at cost less any accumulated amortisation and impairment losses. Tangible assets are initially recorded at cost and are subsequently stated at cost less any accumulated depreciation and impairment losses.
Amortisation and deprecation is calculated so as to write off the cost of an asset, less its estimated residual value over the useful life of the asset as follows:

Website amortisation	-	Straight line over 3 years
Equipment depreciation	-	Straight line over 3 years

k) 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, its 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Investment in shares

Investments in unlisted company shares, which have been classified as fixed asset investments as the Company 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.

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.

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 recognises the related expense at the date of issue of the shares.

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 as a right of use asset.

The Company has elected not to recognise right of use assets and lease liabilities for short term leases that have a lease term of less than 12 months and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

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 Company 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 Company 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 Company'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 Company's assessment of the use of the Going Concern basis, and further information on this is included in note 2c). These include preparing cash flow, and budgets and timing and quantum of loan repayments, dividends and investment disposals.

Notes To The Financial Statements (Continued)

4. REVENUE	**2021 £'000**	**2020 £'000**
An analysis of the revenue is as follows:		
Monitoring fees	140	176
Arrangement & Advisory fees & other income	91	116
Interest income	125	204
Dividend income	79	73
	435	569

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

5. PROFIT FROM OPERATIONS	**2021 £'000**	**2020 £'000**
Profit from operations has been arrived at after charging:		
Amortisation and depreciation and depreciation	3	1
Operating lease expense - property	6	1
Auditor's remuneration:		
Fees payable to Company's auditor for audit of the financial statements	23	22
Fees payable to Company's previous auditor for audit of the financial statements	-	7
Fees payable to Company's auditor in respect of non-audit services	-	-
Fees payable to Company's previous auditor in respect of non-audit services:		
Tax compliance	-	4

6. STAFF COSTS

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

	2021 Number	**2020 Number**
All employees (including Directors)	8	7
	2021 £'000	**2020 £'000**
The aggregate remuneration comprised:		
Wages and salaries	271	232
Social security and taxes	31	23
Pension costs	16	3
Bonus costs	24	-
Share-based payments (note 19)	24	22
	366	280

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

Notes To The Financial Statements (Continued)

Directors' emoluments	2021 £'000	2020 £'000
The aggregate remuneration comprised:		
Wages and salaries	172	**89**
Social security and taxes	17	7
Pension costs	4	-
Share-based payments	11	7
Total	204	103

One (2020: NIL) director accrued benefits under the company pension plan.

Emoluments of highest paid director	2021 £'000	2020 £'000
Wages and salaries	75	40
Share-based payments	7	7
Total	82	47

7. NET GAIN IN THE FAIR VALUE OF INVESTMENTS	2021 £'000	2020 £'000
Movement in the year	2,423	1,653
Fair value gain	2,527	1,983
Fair value loss	(104)	(330)
Total	2,423	1,653

8. INCOME TAX EXPENSE	2021 £'000	2020 £'000
Current tax:		
Adjustment in respect of prior periods	-	(2)
Deferred tax:		
Charge for year	-	140
Adjustment in respect of prior periods	(286)	-
Total tax	(286)	138

Notes To The Financial Statements (Continued)

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

	2021 £'000	2020 £'000
Profit before taxation	2,341	1,567
Expected tax charge on profit before tax at 19% (2020: 19.00%)	445	298
Effects of:		
Expenses not deductible for tax purposes	2	1
Income not taxable	(460)	(58)
Exempt dividend income	(15)	(14)
Chargeable gains	128	33
Use of losses brought forward	(100)	-
Adjustments in respect of previous period	(286)	(158)
Adjustment in respect of tax rates	-	36
Current and deferred tax (credit)/charge	(286)	138

Adjustment in respect of previous periods:
The directors have reviewed the application of the Substantial Shareholdings Exemption relief and concluded that the company can take advantage of this relief, meaning the deferred tax provision has been released as at August 2021.

9. EARNINGS PER SHARE

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

	2021 £'000	2020 £'000
Earnings: Earnings for the purpose of basic earnings per share: net profit for the year attributable to equity holders of the company	2,627	1,429
Number of shares: Weighted average number of ordinary shares including dilutive warrants	15,441,942	15,441,942

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.

10. DIVIDENDS	2021 £'000	2020 £'000
Dividends proposed after the year end (and not recognised as a liability)	232	-

Notes To The Financial Statements (Continued)

11. NON-CURRENT FIXED ASSETS (Intangible & Tangible)	**Intangibles Website £'000**	**Tangibles Equipment £'000**	**Total £'000**
Cost			
At 1 September 2020	1	2	3
Additions	6	1	7
At 31 August 2021	7	3	10
Amortisation and Depreciation			
At 1 September 2020	-	1	1
Charge for year	2	1	3
At 31 August 2021	2	2	4
Carrying amount			
At 31 August 2021	5	1	6
At 31 August 2020	1	1	2

12. INVESTMENTS

i) UNLISTED INVESTMENTS

	Level 1 £'000	**Level 2 £'000**	**Level 3 £'000**	**2021 Total £'000**	**2020 Total £'000**
At 1 September 2020	-	-	6,950	6,950	5,450
Disposals	-	-	(4,403)	(4,403)	(602)
Additions	-	-	2,850	2,850	449
Fair value gain/(loss)	-	-	2,423	2,423	1,653
At 31 August 2021		-	7,820	7,820	6,950

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.

Notes To The Financial Statements (Continued)

12. INVESTMENTS (Continued)

ii) INVESTMENTS IN ASSOCIATES

	2021 £'000	2020 £'000
At 1 September 2020	-	16
Disposals	-	(14)
Impairments	-	(2)
At 31 August 2021	-	-

The Company held a 34% equity investment (ordinary shares) in Castlefield Corporate Advisory Partners Limited (CCAP). The registered address of CCAP was 111 Piccadilly, Manchester, M1 2HY, United Kingdom. The CCAP shareholding was disposed of in the prior year.

iii) INVESTMENTS IN SUBSIDIARIES

	2021 £'000	2020 £'000
At 31 August 2021 and 31 August 2020	-	-

At 31 August 2021 the Company held 100% of the issued share capital in C4C Ownership Partners Limited, being £1. The company was dormant during the current and prior year and is registered at the same address as Capital for Colleagues PLC.

13. LOAN RECEIVABLES

	2021 £'000	2020 £'000
At 1 September 2020	1,074	928
Loan additions in the year	141	469
Loan repayments in the year	(296)	(223)
Loan written off in the year	-	(100)
At 31 August 2021	919	1,074
Amounts due within one year	680	622
Amounts due between one year and five years	239	452
Total	919	1,074

The directors consider that the carrying amount of loans 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. The total value of loans that are overdue at the year-end is £NIL (2020: £NIL). The expected credit loss provision recognised at the year-end date with respect of loans is £133,000 (2020: £133,000).

Notes To The Financial Statements (Continued)

14. TRADE AND OTHER RECEIVABLES

	2021 £'000	2020 £'000
Deferred consideration	150	-
Trade receivables	37	54
Prepayments and accrued income	9	9
Other receivables	16	16
	212	79

All receivables as at 31 August 2021 were denominated in Pounds Sterling. The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

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 (2020: £NIL) have been recognised in the year ended 31 August 2021.

Included within the deferred consideration debtor is £120,000 (2020: £NIL) which is due in more than one year.

15. TRADE AND OTHER PAYABLES

	2021 £'000	2020 £'000
Trade payables	20	6
VAT and social security payable	42	38
Other payables	38	26
	100	70

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.

16. 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 company 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 company has two types of financial assets that are subject to the expected credit loss model:

- Trade receivables.
- Loan receivables.

Notes To The Financial Statements (Continued)

16. FINANCIAL INSTRUMENTS (Continued)

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 £NIL (2020: £NIL) against its accrued income and £133,000 (2020: £133,000) against its loans receivable.

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.

		Financial Instruments held at:		
	Note	Fair value £'000	Amortised cost £'000	Total £'000
At 31 August 2021				
Financial assets				
Investments	12	7,820	-	7,820
Loan receivables	13	-	919	919
Trade and other receivables	14	-	204	204
Cash and cash equivalents		-	1,907	1,907
		7,820	3,030	10,850
Financial liabilities				
Trade payables and other payables	15	-	58	58

		Financial Instruments held at:		
	Note	Fair value £'000	Amortised cost £'000	Total £'000
At 31 August 2020				
Financial assets				
Investments	12	6,950	-	6,950
Loan receivables	13	-	1,074	1,074
Trade and other receivables	14	-	73	73
Cash and cash equivalents		-	388	388
		6,950	1,535	8,485
Financial liabilities				
Trade payables and other payables	15	-	32	32

Notes To The Financial Statements (Continued)

17. PROVISION FOR LIABILITIES AND CHARGES

	2021 £'000	2020 £'000
Deferred tax provision	-	286
The movements during the year were as follows:		
At 1 September 2020	286	146
(Credited)/Charged for the year	(286)	140
At 31 August 2021	-	286

18. SHARE CAPITAL

	2021 Number	2021 £'000s	2020 Number	2020 £'000
Issued and fully paid:				
Ordinary shares of 40p each				
At 1 September 2020	15,441,942	6,176	15,441,942	6,176
At 31 August 2021	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.

19. 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 AQUIS Growth Market, on the final day of the 3 month accumulation period.

The share-based remuneration expense comprises:

	2021 £'000	2020 £'000
Cash-settled scheme (SIP)	24	22

There was no liability outstanding at the year-end (2020: £nil).

Notes To The Financial Statements (Continued)

20. SHORT LIFE AND LOW ASSET VALUE LEASE COMMITMENTS

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

	2021 £'000	2020 £'000
Land and buildings:		
Not later than one year	-	6
Between one and two years	-	-
Total	-	6

21. POST BALANCE SHEET EVENTS

On 19 October 2021, the Company disposed of its investment in "Office for Public Management Limited" for £469k, representing a 20% compound return on the original investment of £200k. The carrying value of the investment at 31 August 2021 reflected the disposal proceeds.

On 2 December 2021 the Company disposed of part of its investment in "TPS Investment Holdings Limited" for £121K, its value as at 31 August 2021. The Company will retain its interest in the TPS 'B' ordinary shares, which were valued at £510k as at the same date.

22. CONTINGENT LIABILITIES

As at 31 August 2021, the Company has provided guarantees to certain investee companies as set out below:

	2021 £'000	2020 £'000
Provision of third-party guarantee in relation to sales invoice facilities	650	701
Provision of third-party guarantee in relation to a working capital loan	200	240

23. 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 Company, including the directors of the Company listed on page 18, and the Company Secretary of the Company.

	2021 £'000	2020 £'000
The aggregate remuneration comprised:		
Wages and salaries	197	143
Social security and taxes	20	13
Pension Costs	4	1
Share-based payments (note 19)	14	14
Total	235	171

Notes To The Financial Statements (Continued)

23. RELATED PARTY TRANSACTIONS (Continued)

Transactions with other related parties

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

	Sales		Purchases	
	2021 £'000s	**2020 £'000**	**2021 £'000**	**2020 £'000**
Entities in which the Company has significant influence	30	45	17	21

Balances with other related parties

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

	Amounts due from		Amounts due to	
	2021 £'000s	**2020 £'000**	**2021 £'000**	**2020 £'000**
Entities in which the Company has significant influence	1	5	-	2

During the year the Company made a provision of £NIL (2020: £NIL) against amounts due from entities in which the Company has significant influence.

Notes

Notes

Octagon roof structure extension to Chapel, Radley College.
Designed, built and installed by Carpenter Oak.

Capital for Colleagues

Advice Investment Growth

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