



Capital for Colleagues



Advice Investment Growth

Report and Financial Statements

For the year ended 31 August 2022

Capital for Colleagues PLC

Company Number: 08717989

Directors, Advisers and Officers

Registered Number	08717989
Directors	Richard Bailey (Chairman) Bill Ainscough Alistair Currie John Lewis Ed Jenkins Richard Sloss
Company Secretary	John Lewis
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Report and Financial Statements

Capital for Colleagues PLC

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Employee Ownership - Coming Of Age

Capital for Colleagues plc (C4C) is an investment vehicle focused on opportunities in the Employee Owned Business sector. C4C has been quoted on the Aquis Exchange Growth Market (www.aquis.eu) since March 2014 (ticker CFCP).

C4C invests in existing and aspiring employee-owned businesses (EOBs) to help them become profitable, sustainable businesses, underpinned by a practice and belief in employee ownership. C4C is focused on achieving attractive returns from such investments typically focused on equity, but including debt where appropriate.

We make these investments because it's good business – experience and evidence (*) show that employee ownership delivers improved corporate productivity, supports local communities, delivers social impact and generates attractive commercial returns for shareholders. It provides an operational model which is demonstrably more resilient during times of economic hardship, less susceptible to short-term stock market fluctuations and is less likely to exhibit questionable business practices such as poor governance, which is damaging to public confidence in business.

In last year's Annual Report and Accounts, we commented that we hoped that the growth momentum in employee ownership

shown in the past 12 to 18 months would continue. It is pleasing to report that this momentum has been maintained, with over 1,000 companies now being employee owned, as at June this year. It is worth reflecting on how far the sector has come.

- There were 285 EOBs created in 2022
- The conversion rate in 2022 is likely to match that growth rate.
- The sector has doubled since the outbreak of the global pandemic in 2020.

Employee owned businesses are found throughout the UK economy, with the top five sectors as shown below.

- Professional services 38.2%
- Construction 13.2%
- Manufacturing 12.8%
- Wholesale and retail 10.5%
- Information and communications 9.3%

Professional services typically includes scientific and technical, administrative and support services. 100% employee ownership through an Employee Ownership Trust (EOT) is particularly popular amongst architectural practices, which make up nearly 8% of all EOBs in the UK. (Employee Ownership Association)

* White Rose Employee Ownership Centre.



WREOC EMPLOYEE OWNERSHIP PROFILE - JUNE 2022

1030
EMPLOYEE OWNED
BUSINESSES
JUNE 2022

RECORD YEAR 2021

285
NEW EO BUSINESSES

UK EO SECTOR

↑ **x2**
DOUBLED SINCE 2020

TOP 5 SECTORS

38.2% PROFESSIONAL SERVICES*

13.2% CONSTRUCTION

12.8% MANUFACTURING

10.5% RETAIL AND WHOLESALE

9.3% INFORMATION AND COMMUNICATION

*INC PROFESSIONAL, SCIENTIFIC & TECHNICAL ACTIVITIES AND ADMIN & SUPPORT SERVICES

TOP 5 SECTORS CONVERSIONS SINCE 2020

33% PROFESSIONAL SERVICES*

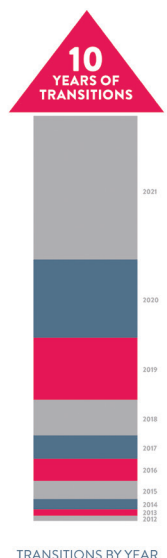
18.3% CONSTRUCTION

10.2% MANUFACTURING

11.6% RETAIL AND WHOLESALE

9% INFORMATION AND COMMUNICATION

*INC PROFESSIONAL, SCIENTIFIC & TECHNICAL ACTIVITIES AND ADMIN & SUPPORT SERVICES



WHITE ROSE EMPLOYEE OWNERSHIP CENTRE FIGURES ARE PROVIDED BY PROF A. ROBINSON (UNIVERSITY OF LEEDS) AND PROF A. PENDLETON (UNSW).

Employee Ownership - Coming Of Age (Continued)

What is an Employee Owned Business?

There are a number of different definitions regarding what constitutes an employee owned business, with the main difference relating to whether or not a majority of shares are held in an Employee Ownership Trust (EOT).

In our view existing or aspiring employee owned businesses should exhibit:

- A genuine desire to be employee owned by all stakeholders.
- A meaningful proportion of the business owned by a broad base of employees, typically greater than 20%.
- A culture and management practice where employees are genuinely involved and engaged in the business – where they “think, feel and behave” as co-owners.
- Where profits are shared fairly amongst all shareholders.

Successful EOBs are about more than share ownership alone.

The demonstrable positive performance of EO businesses, both in the C4C portfolio and more widely, provides powerful evidence of their success – as businesses and investments.

For example, in 2017, C4C invested in Carpenter Oak, (www.carpenteroak.com) which specialises in designing and constructing timber framed buildings. When we invested in 2017, the business had just completed a merger. Difficulties integrating the two companies led to an extended period when the merged business was not profitable. However with C4C's patient support and the enthusiastic commitment of the employees, the company turned the corner, and it is now a thriving and profitable business. We also supported a planned migration in late 2022 to a majority (51%) employee owned business with a strong, inclusive culture.

Exiting Employee Ownership

EO businesses do not operate in a perfect world and there are some circumstances where such businesses have to move out of employee ownership. Whilst some in the sector hold the view that EO businesses should never be sold, we believe that the directors, employees and Trustees should make such decisions based on the best interests of all stakeholders. Security of employment and being able to see a real financial return from their investment in the business are major considerations for employees.

Financing Employee buyouts

Vendor finance is still the predominant source of financing for EO transitions. Deferred consideration may be paid over many years, with ongoing involvement from the vendors, which may not suit them or the managers now running the business. The sector has the opportunity to welcome greater involvement by external providers of both debt and equity funding. The evidence from C4C's experience shows clearly that patient external finance can be a viable and successful option.

Outlook for Employee Ownership in the UK

We believe that EO will continue to grow in the UK on the back of the growing evidence of its effectiveness. From a political point of view, EO has cross party support and this should make the enacting of supportive EO legislation relatively straightforward in future. In our view, the clear benefits for all stakeholders arising from EO mean that it is important that the availability of funding for EO transactions is increased and we are confident that recent momentum will be maintained.

Impact of C4C's portfolio

As at August 31 2022, C4C had 13 companies in its portfolio. These employee owned businesses collectively produce an annual turnover of approximately £45.3m. Since C4C's initial investment, the number of employees in these companies has increased from 264 to 350.

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 2022. As per last year, and in response to suggestions from shareholders we have continued to disclose some additional metrics relating to progress following C4C's first investment and these are also shown on the following page (adjusted for investments exited).

Employee Ownership - Coming Of Age (Continued)

EMPLOYEE OWNERSHIP STATISTICS	2022 £'000	2021 Restated £'000
Total turnover of C4C investees	45,310	53,499
Less disposals during 2022	-	(15,201)
Additions during 2021	-	831
As at 31st August 2022*	45,310	39,129
* previous year adjusted for disposals		
Additional value created for employee owners (Since first C4C investment)	14,076	11,382
Less disposals	-	(1,341)
Additions during 2021	-	-
As at 31st August 2022*	14,076	10,041
* previous year adjusted for disposals		
	Number	Number
Total number of people employed by C4C investees	350	389
Less disposals during 2022	-	(92)
Additions during 2021	-	16
As at 31st August 2022*	350	313
* previous year adjusted for disposals		
Since first C4C investment		
Additional jobs created	147	141
Number of new employee owners	342	353

Chief Executive's Report

I am pleased to report on another year of solid progress for C4C against a difficult economic background. The well-documented headwinds of rising costs, a tight labour market and shortages of materials have provided challenges for a number of our investee companies. However, the valuations of several of our investments have increased meaningfully during the year under review on the back of robust financial progress. We are convinced that the culture engendered by employee ownership and high levels of employee engagement has been a major factor behind the robust performance of our investment portfolio during these difficult times.

During the year to 31 August 2022, the Net Asset Value per share (NAV) rose by 6.9% to 74.49p (2021: 69.71p). In addition, a dividend of 1.5p per share was paid in March 2022.

The strong trading performance of several companies in the portfolio resulted in net unrealised revaluation gains of £1.142m (2021: £1.293m) in addition to net realised gains on disposals of £0.395m (2021: £1.130m). It is pleasing to report that, as was the case last year, no loan impairments were required in the portfolio during the year under review.

We saw a noteworthy increase in dividend income from investee companies as our portfolio matures. Five companies in the portfolio paid a dividend compared to four in the prior year and we received dividends totalling £0.141m during the year under review, an increase of 78% on the prior year.

The Company was admitted to the AQSE Growth Market's Apex segment, which caters for larger, more established businesses, and applies additional eligibility criteria to encourage greater transparency and liquidity.

I am pleased to note that the company's success in recent years has been recognised by being shortlisted for 'Aquis Company of the Year' in both the 2022 Small Cap Awards and Shares Awards 2022 run by Shares Magazine.

Board Changes

There were no changes to the Board during the year under review.

Activity

New Investments

In last year's report I commented on the strength of our pipeline, and that we were confident that we would be updating shareholders on new investments in the near future. As it transpired, that confidence was misplaced as no new investments

were completed during the year under review. We came near to completing new investments on a number of occasions but ultimately were unable to agree suitable terms with the prospective investees. We are fully committed to extending EO but all investments that we make must be commercially attractive for our shareholders.

Additional Investment

During the year we acquired additional equity in TPS for cash consideration of £0.50m from the two executive directors of TPS. Following this transaction, C4C holds 27.6% of TPS' issued equity capital, with the balance of 72.4% continuing to be held by executive management at TPS.

Follow on loans

Loans totalling £0.625m were made to three existing investees, 2C Services, Computer Application Services Limited and South Cerney Outdoor Limited, providing those companies with additional working capital.

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 completely. We fully exited two investments during the year under review.

- In October 2021 we sold our investment in Office for Public Management Limited ('OPML'), for cash consideration of £0.469m. C4C had invested £0.250m in OPML in 2016. OPML is an independent research and consultancy organisation which supports and champions the delivery of social impact. Following the realisation of our investment OPML became a 100% employee owned business.
- Merkko is a builder's merchant located in Kingston Bagpuize, Oxfordshire, which was sold to a trade buyer on the retirement of its owner and major shareholder. Capital for Colleagues' original investment of £0.200m in Merkko, made in 2015, was redeemed in 2020 for a profit of 100%, at which time the Company re-invested £0.150m of the proceeds to subscribe for ordinary shares in Merkko. These ordinary shares were sold for cash consideration of approximately £0.378m.

We wish both companies well on the next stage of their development.

Chief Executive's Report (Continued)

As our investees mature, we will typically restructure our investment so that, while we retain a right of approval in certain reserved matters, our shareholding is in ordinary shares rather than any form of preference share. In line with this approach, during the year under review, holdings in 'A' ordinary shares were redeemed by Bright Ascension and The Home Build Centre and 'B' ordinary shares were redeemed by TPS.

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 investments. Further details on all of the company's investments can be found in the following section of the Annual Report and on C4C's website.

Employee Owners Group Limited trading as Carpenter Oak



Highland Estate Boat House constructed by Carpenter Oak.
Architects: Ptolemy Dean Architects
Contractors: Kishorn Heritage
Photography: Tide Graphic

Carpenter Oak has been a leading provider of predominantly hand-finished oak framed buildings and structures since the late 1980's. The company operates from yards in SW England and Central Scotland, employing around 35 skilled designers and craft carpenters. 2022 is forecast to be a very profitable year for Carpenter Oak after a period of considerable turbulence. The company is now seeing the benefits of a past merger which caused some of that turbulence and the new management team formed to address these issues has settled in well and is about to be enhanced by an experienced finance manager from Riverford

Organics, a local high-profile Employee Owned Business. The company has moved further away from mainstream commodity markets into higher margin niches and has delivered some notable projects including a complex octagonal roof for Radley College Chapel for which it has been shortlisted for two industry awards. Radley College is a prestigious private boarding school near Oxford founded in 1847. During the year agreement has been reached, with C4C support, for a controlling interest in the company to be acquired by an Employee Ownership Trust from the founding shareholders and that transaction is anticipated to be concluded before the end of the company's December year end.

TPS Group

Trading as Total Pipeline Specialists, TPS has a long history of supplying infrastructure products for water, energy, housing and transport markets on the island of Ireland via well-stocked distribution depots in Lisburn and Dublin. Demand has been rising and seems set to remain high whilst the company enjoys a leading position in these markets. Consequently, profits have also been rising with substantial recurring employee profit share payments and dividends to shareholders including C4C. Results are influenced by the £/Euro exchange rate but EBITDA to the latest December 2021 year end was just under £1m on turnover of c£16m and the company had already exceeded these figures for the current financial year by the time of C4C's year end of 31 August 2022.

We have recently increased our equity holding to 27.6% of the company through the acquisition of part of the existing shareholdings of management for £0.500m and remain optimistic for the future of this business which has comparatively young but experienced management, high levels of employee engagement and remains ambitious for further growth.

Computer Application Services Limited

Computer Application Services (CAS) is a developer of case management software branded as Workpro. 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. Over the last year, Workpro recurring revenue grew by over 22% to around £1.250m 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 £1.600m. CAS is the second largest holding in C4C's portfolio.

Chief Executive's Report (Continued)

The Security Awareness Group Limited trading as "TSC"

TSC has been delivering behavioural change and security awareness training since 1997. The company became employee owned in December 2019.

TSC's bespoke projects and solutions boost the awareness at work and home of security and cyber risks and help employees to change their behaviour, thereby protecting their organisations from inadvertent human error. In the year under review, TSC grew revenue by 48% and returned the business to profitability, having successfully navigated through the pandemic period. New business from a number of blue chip clients coupled with repeat business from existing clients and strong cost control helped deliver the improvement in profitability. The company declared its maiden dividend to shareholders during the year under review.

South Cerney Outdoor Limited

South Cerney Outdoor (SCO) is an outdoor training and adventure centre, on the site of a 47 acre lake in Gloucestershire. SCO established a new café on the lakeside in autumn 2020 that has proved popular with customers of the centre but has also attracted healthy passing trade. The centre was closed for much of the pandemic, but the introduction of a "pay and play" option for individuals, the construction of a high-ropes tower, the return



Team building event on the high ropes tower at South Cerney Outdoor.

of school parties and the continued success of the café saw a marked improvement in the financial fortunes of the centre in the last financial year. The high-ropes tower is the tallest in the south of England and as such is a significant attraction for individuals and parties alike. The business profitability has enabled the board to pay bonuses to all employees, including the seasonal apprentices, as well as dividends to shareholders which includes the employees and to C4C.

Downward revaluations

It is pleasing to report that none of the equity investments held in the C4C portfolio as at 31 August 2022 fell in value during the year under review.

Dividend

The Board of C4C believes that where profitable realisations occur, it is appropriate to distribute some of these gains to shareholders. A final dividend of 1.75p per ordinary share will be paid on 3rd March 2023 to shareholders on the register on 10th February 2023.

Outlook

The unsettled geopolitical background coupled with inflationary pressures and the likelihood of recession and low growth in the UK economy do not provide an encouraging background for our portfolio given its heavy domestic bias. However, while we and our investees remain cautious we have, to date, been pleasantly surprised by the resilient trading that many of our investees are reporting. There is no doubt in our minds that employee ownership is a key factor behind this.

We are well positioned going into the new financial year with net liquidity of £3.939m and an exciting pipeline of potential new investments. I look forward to updating shareholders on a number of exciting developments for the Company in the near future.

Capital For Colleagues - 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 their 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.

Company management has recently been strengthened and C4C has supported the enlarged team in making a small bolt-on acquisition.

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, 33 spacecraft have reached orbit with Bright Ascension's software onboard and at least 10 more are due to launch by mid-2023.

In August 2021 BAL raised £1.0m of additional equity to match development funding that has been awarded to the company as part of an ESA project. A further £0.5m of equity funding was raised in January 2022 from a new investor. This funding is being applied 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 fullcycle 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

Capital For Colleagues - Investment Portfolio (Continued)

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 evidence that CAS is winning new clients in competition with more established rivals.

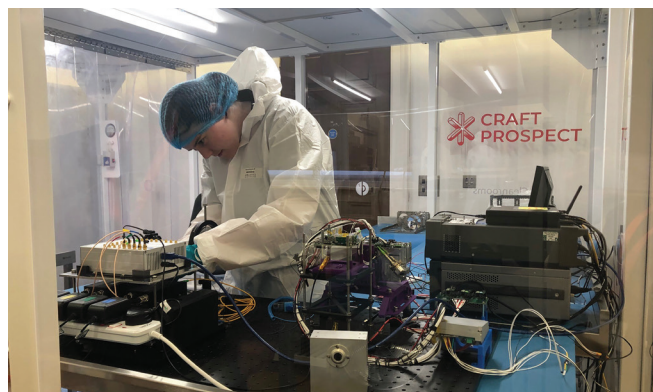
CAS has a strong pipeline of new corporate and government sector prospects that should enable the company to continue to grow at a healthy rate.

Craft Prospect Limited www.craftprospect.com

Craft Prospect Limited (CPL) is a space engineering business founded in 2017 and based in Glasgow. CPL designs and delivers mission applications for the small (nano) satellite market. The company has particular expertise in AI and Quantum Key Distribution resulting in smart, secure communications between the satellites and ground based receiver stations.

CPL is now over twenty strong and it is gaining a strong reputation within the industry. It has consulted on design and operations for both the UK Space Agency (UKSA) and the European Space Agency (ESA) sponsored missions.

Alongside C4C as the lead investor, Scottish Enterprise and The University of Strathclyde are shareholders. The employees, through a Share Incentive Plan (SIP) and direct holdings, still own over 60% of the business.



Engineer working on a nano satellite in the clean room at Craft Prospect.

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 operates 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. More recently a revised management team has successfully stabilised the business which is now growing and close to concluding a transaction in which the Employee Trust will increase its stake in the company to over 51%.

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 £7.0m 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. C4C has recently introduced

Capital For Colleagues - Investment Portfolio (Continued)

further investors in the business and re-organised and increased its own stake

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 4 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.

Established in 2007, C4C were 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 85% of the ordinary shares in their business and are progressively redeeming C4C's preferential initial investment. 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 to 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". A renewed public interest in energy efficiency is currently opening up new business opportunities for the NSBRC.



Visitors attending a lecture at the Homebuilding Centre.

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 their vehicle fleet. P2P has grown to over 60 employees and despite recent market turbulence, the employees have remained loyal to the company.

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%.

The business is now planning to broaden its strategy by moving into warehousing and storage, freight forwarding and to run its own workshop, to service and maintain its vehicle fleet.

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.

Capital For Colleagues - Investment Portfolio (Continued)

In late 2019 the senior team at South Cerney Outdoor were 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 heavily on the Spring and Summer period to cover its operating costs for the whole year. The business has recovered well from the global pandemic, thanks to the return of school visits, a “pay & play” model for individuals, the success of the café and the opening of the high-ropes tower. The tower is the tallest in the south of England and is a significant attraction for groups and individuals alike. The recent recruitment of a Chef will support the overhaul of the café as well as fine dining in future.



Paddle boarders on the lake at South Cerney Outdoor.

The Security Awareness Group Limited (trading as TSC)

www.thesecuritycompany.com

TSC delivers security awareness training 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 and metaverse threat has never been greater and TSC's bespoke solutions boost employees' security awareness at work and home and drive changes in behaviour that protect organisations from inadvertent human error.

The company faced a difficult time during global pandemic. However, the employee ownership culture provided great resilience and TSC bounced back well in 2021/22 delivered close to a 50% increase in revenue and significant profitability.

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 business 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 now becoming more widely recognised.

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 corresponding generous financial support for TPS from the Irish government TPS was able 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. Those improved facilities are currently assisting in very high levels of further current year growth

Sustainability Report

Sustainability - addressing Environmental, Social and Governance (ESG) matters

Employee owned businesses (EOBs) typically exhibit four key characteristics:

- The employees hold a significant stake in their business, ideally at least a 20% shareholding.
- Annual profits are shared amongst all shareholders, whilst safeguarding the future of the business through sufficient re-investment.
- Leadership and managerial practices are aimed at involving and engaging employees, so they feel and act like coowners.
- Employees are actively involved in governance of the business through Trustee representation on the Employee Ownership Trust (EOT) and sometimes on the company's board too.

These characteristics sit squarely at the heart of "Social and Governance" in the Environmental, Social and Governance agenda.

The Evidence

The latest statistics (June 2022), provided by Professors Andrew Robinson (University of Leeds) and Andrew Pendleton (UNSW) of the White Rose Centre for Employee Ownership show the EO sector is delivering better business through:

- **Being socially responsible** – 71% of EOBs have a statement of purpose, which includes making a positive contribution to society and the environment, while 96% say that looking after the workforce is a key measure of business success.
- **Governance** – 97% of EOBs have at least one form of employee governance, 74% have at least two.
- **Involved and informed** – 90% of EOBs report that employees have some or a lot of say in decisions on working conditions, 85% have some or a lot of say in new working methods. 75% of businesses share financial information at least several times a year and a further 21% share it at least annually.

Increasingly C4C is looking to enhance ESG factors in its own business, but is also encouraging ESG best practice in the companies in which we invest. The table on the following page summarises current ESG activity.

ESG focus	
ENVIRONMENTAL	
Climate change: C4C	<p>Carbon and environmental footprint reduction.</p> <ul style="list-style-type: none">• The investees who make up the C4C portfolio are located throughout the UK and Ireland. Whilst many meetings are conducted remotely, some travel is inevitable.• Employees are encouraged to use public transport if possible and practical. In addition, C4C is planning to introduce a scheme to encourage employees to own Electrical or Plug-in hybrid electrical vehicles (EVs or PHEVs).• Recycling. Whilst C4C has a small main office, the majority of staff work from their homes. All employees diligently minimise waste and reduce / reuse and recycle material wherever possible.
Climate change: investees	<ul style="list-style-type: none">• Across our investment portfolio we have investments across a wide range of business sectors. All of our investees are aware of the importance of the ESG agenda and are focused on reducing their carbon footprint and environmental impact.• During FY 2022/23, we will work proactively with investees to introduce targets to reduce their carbon & environmental impact.

Sustainability Report (Continued)

SOCIAL – SOCIETY AND COMMUNITY	
C4C	<ul style="list-style-type: none"> • As an equal opportunities employer, we're committed to creating and ensuring a non-discriminatory and respectful working environment for our staff. • We provide a range of benefits including; profit share, share ownership, medical insurance, pension contributions, maternity and paternity leave, support for EVs and PHEVs. These are all set out in an employee handbook. • We support professional skills development.
C4C culture	<p>C4C has values based on:</p> <ul style="list-style-type: none"> • Fair Capitalism. EO businesses are managed to be profitable for the long-term through re-investment in the business. Distributable profits are shared fairly amongst employees and other shareholders. • Investing Patient Capital. We support our investees with our capital and time – for the long-term. • Integrity. We treat all our stakeholders ethically, honestly and fairly. • We openly share our information internally – financial and operational, whilst maintaining the required levels of confidentiality with our investees' sensitive information.
Investees	<ul style="list-style-type: none"> • We expect and believe that all our investees are equal opportunities employers, committed to a non-discriminatory and respectful working environment for their staff. • They pay at least the minimum wage to all staff, and more competitive remuneration where possible. • When able to do so, they share their profits fairly with all employees and shareholders. • They support their communities through charitable work, sponsorship, open days etc. • They are well managed businesses with engaged employees – who "think, act & behave like co-owners".
GOVERNANCE	
C4C	The board of C4C applies a high standard of corporate governance, as set out in the QCA code.
Investees	<p>All of C4C's investees are encouraged to exhibit the following governance characteristics:</p> <ul style="list-style-type: none"> • Regular board meetings are held, monthly or quarterly. • A minimum of 20% employee share ownership. • A Corporate Trustee is in place to manage the EOT, usually with three directors – a company executive, an independent director and an employee elected representative. • The EOT & company board hold periodic meetings.

Strategic Report

The Directors present their Strategic Report for the year ended 31 August 2022.

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 13 (2021: 15) unquoted EOBs with the Company's investments (including short-term loans) being valued at £9.76m. 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 £0.49m was consistent with the prior year (2021: £0.44m), with an increasing amount of income derived from dividends receivable (see note 4).

At £1.54m net fair value gains were lower than last year's figure of £2.42m which was relatively high due to specific transactions completed during that year. There was no impairment charge for loan receivables during either year.

We reported retained profits of £1.35m (2021: £2.63m) this year, which produced basic and fully diluted earnings of 7.68p (2021: 17.01p) per Ordinary share.

The net asset base of the company increased from £10.76m in 2021 to £13.77m. The NAV per share was 74.49p (2021: 69.71p) and the cash flow statement reflects an active and positive year.

At the end of the year, the Company's portfolio of unquoted investments (excluding loans) was valued at £8.55m (2021: £7.82m) and comprised 13 companies operating across a range of sectors which generated total turnover of around £45.3m per annum and supported approximately 350 jobs. We measure our success by an increasing NAV.

The directors propose to pay a dividend for the year under review of 1.75p per share. (2021: 1.5p) as disclosed in note 10.

The Company did not hold any publicly traded investments at 31 August 2022 (2021: £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 2022, the Company's portfolio of loans and investments was valued at £9.76m (2021: £8.76m) and comprised the following:

	2022 £'000	2021 £'000
Investments	8,548	7,820
Long term loans	608	239
Total investments and long term loans	9,156	8,059
Short term loans	597	680
Other loans advanced	2	16
Total unquoted investment portfolio	9,755	8,755

As at 31 August 2022, the Company's portfolio of unquoted investments valued at £9.16m (2021: £8.06m) (excluding short term loans) comprised 13 (2021: 15) 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 2022 the portfolio excluding short term loans comprised 13 (2021: 15) companies operating across a range of sectors as shown in the table below:

		2022 % of Portfolio	2021 % of Portfolio
INDUSTRIALS			
Construction and Materials	Ecomerchant Natural Building Materials Limited		
	Employee Owners Group Limited (trading as Carpenter Oak)		
	TPS Investment Holdings Limited		
	Merkko Group Limited (<i>disposed of during the year</i>)		
Industrial Transportation	Place 2 Place Logistics Limited		
Support Services	Flow Control Company Limited		
	Hire and Supplies Limited		
	The Security Awareness Group Limited		
	Office for Public Management Limited (<i>disposed of during the year</i>)		
TOTAL INDUSTRIALS: value: £3,618k (2021: £3,215k)		39.51%	39.89%
MEDIA			
Exhibition Centres	The Homebuilding Centre (Holdings) Limited (trading as The National Self Build & Renovation Centre)		
TOTAL MEDIA: value: £466k (2021: £492k)		5.09%	6.11%
TECHNOLOGY			
Software & Computer Services	Computer Application Services Limited		
	2C Services Limited		
	Bright Ascension Limited		
	Craft Prospect Limited		
TOTAL TECHNOLOGY: value: £4,818k (2021: £4,263k)		52.62%	52.89%
LEISURE & TRAVEL			
Recreational Services	South Cerney Outdoor Limited		
TOTAL LEISURE & TRAVEL: value: £254k (2021: £89k)		2.78%	1.11%
TOTAL UNQUOTED PORTFOLIO			
Value 2022: £9,156k (2021: £8,059k)		100.00%	100.00%

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 of 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 (Apex sector) 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 elsewhere 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 16 December 2022 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 2022. 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 20 and 21 and also forms part of this Directors' Remuneration report. Their report on these and other matters is set out on page 23 to 28.

Consideration by the Directors of Matters Relating to Directors' Remuneration

The Company has established a Remuneration & Nominations Committee to consider Directors' remuneration and it has 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.

Directors' remuneration

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). Annual bonuses are also payable dependent upon performance.

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.

	2022 Salaries £'000	2022 Bonuses £'000	2022 Pension payments £'000	2022 Share - based payments £'000	2022 Total £'000	2021 Total £'000
Executive- Directors						
Alistair Currie	89	18	-	7	114	82
John Lewis (<i>appointed 26 January 2021</i>)	67	15	7	7	96	49
Non-Executive Directors						
Richard Bailey	22	-	-	-	22	21
Bill Ainscough*	-	-	-	-	-	-
Edmund Jenkins	18	-	-	-	18	16
Richard Sloss	18	-	-	-	18	14
John Eckersley (<i>resigned 22 December 2020</i>)	-	-	-	-	-	5
Total	214	33	7	14	268	187

*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:

	At 31 August 2022		At 31 August 2021	
	Number of ordinary shares	Percentage (%)	Number of ordinary shares	Percentage (%)
Significant Shareholders				
Liontrust Investment Partners Limited	1,847,423	9.99	1,525,423	9.88
TJ Morris Limited	1,847,000	9.99	N/A	N/A
CFP Castlefield Portfolio Funds	1,165,651	6.30	1,165,651	7.55
John Eckersley	N/A	N/A	510,909	3.31
Directors				
Bill Ainscough	1,848,400	9.99	1,538,400	9.96
Alistair Currie	698,645	3.78	572,369	3.71
John Lewis	303,913	1.64	284,554	1.84
Richard Bailey	191,182	1.03	183,369	1.19
Edmund Jenkins	119,824	0.65	115,136	0.75
Richard Sloss	111,775	0.60	105,275	0.68

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 22 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
Chairman

Date: 16 December 2022

Directors' Report

The Directors present their report for the year ended 31 August 2022.

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). During the year, the Company became eligible and joined the larger more established businesses in the Apex segment of the Aquis Growth Market on 27 July 2022. The principal activities of the Company are set out in the Strategic Report on page 14 to 17.

Results For The Year

The results for the year are set out in the statement of comprehensive income on page 29.

Dividend

The directors propose to pay a dividend for the year of 1.75p per share (2021: 1.5p). 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 within the accounting policies.

Post Balance Sheet Events

Post balance sheet events have been disclosed in note 20 of the financial statements.

Directors

The Directors who served during the year were as follows:

Richard Bailey (Chairman)
Bill Ainscough
Alistair Currie
Ed Jenkins
John Lewis
Richard Sloss

Substantial Shareholdings

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

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.

Directors' Report (Continued)

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.

Board Composition and Board Committees:

C4C has a Board of six people as below:

Non-Executive Chair:	Richard Bailey
Non-Executive Directors:	Bill Ainscough, Ed Jenkins & Richard Sloss
Executive Directors:	Alistair Currie & John Lewis

C4C has established Board Committees for Audit, Remuneration and Nominations.

Audit Committee

Chair:	Ed Jenkins
Members:	Richard Bailey & Richard Sloss
Financial Expert:	Richard Bailey

Remuneration and Nominations Committee

Chair:	Richard Bailey
Members:	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: 16 December 2022

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 UK adopted international accounting standards.

The financial statements are required by law and UK adopted international accounting standards 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 UK adopted international accounting standards, 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 2022 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 UK adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2022 and of the profit for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; 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 the 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 2022 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)

Key Audit Matter	How our audit addressed the key audit matter
<p>Valuation of unlisted investments held at fair value by the company</p> <p>We focused on the valuation of investments held at fair value as these valuations are material, complex and include estimates and significant judgements.</p> <p>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:</p> <ul style="list-style-type: none"> • Amortised cost; • Applying a multiple to earnings and revenue; • Using net assets; and • Using recent external valuation prices and recent offers. <p>Unlisted investments are included in the financial statements at a fair value of £8.548m (2021: £7.820m)</p>	<p>Our procedures included critically assessing the key judgements and estimates made by the Directors 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.</p> <p>We have:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p>We found that management's valuations of unlisted investments were materially supported by the available evidence, and in particular, the assumptions were appropriate and free from management bias.</p>

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

Key Audit Matter	How our audit addressed the key audit matter
<p>Impairment of loan receivables</p> <p>We focused on the Directors' impairment review of loan receivables as the amounts are material and include significant judgements.</p> <p>The impairment review of loan receivables is determined by the Directors based upon their assessment of each company's ability to repay each loan.</p> <p>An impairment provision of £0.133m (2021: £0.133m) is included within the financial statements.</p>	<p>Our procedures included critically assessing the key assumptions made by the Directors in determining the recoverability of the loans at the reporting date.</p> <p>We have:</p> <ul style="list-style-type: none"> • 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 in the year. • Challenged the assumptions made in determining the recoverability of the loan receivables at the reporting date and considering the security held against the loans. <p>We found that the final impairment of loan receivables was materially supported by available evidence and explanations.</p>

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 as a whole was set at £278,000 (2021: £217,000) 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 £14,000 (2021: £10,850) 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- 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 22, 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 (Apex sector), 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

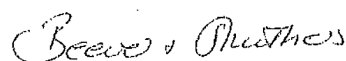
We were appointed auditors by the Directors of the Company on 12 June 2020. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is three years.

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.



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

For and on behalf of Beever and Struthers, Statutory Auditor
One Express
1 George Leigh Street
Ancoats
Manchester
M4 5DL

Date: 16 December 2022

Statement Of Comprehensive Income

	Note	2022 £'000	2021 £'000
Revenue	4	492	435
Fair value gain / (loss) on investments	7	1,537	2,423
Total income from investing activities		2,029	2,858
Administrative expenses		(675)	(518)
Impairment of loan receivables	13	-	-
OPERATING PROFIT		1,354	2,340
Finance income / (costs)		1	1
Profit for the year before tax		1,355	2,341
Tax credit / (charge)	8	-	286
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		1,355	2,627
Earnings per share attributable to the ordinary equity shareholders			
Basic and diluted	9	7.68p	17.01p

All the activities of the company are from continuing operations.

The notes on pages 33 to 45 form part of these financial statements.

Statement Of Financial Position

Company Number: 08717989

	Notes	2022 £'000	2021 £'000
NON-CURRENT ASSETS			
Intangible fixed assets	11	2	5
Tangible fixed assets	11	1	1
Investments	12	8,548	7,820
Loan receivables	13	608	239
TOTAL NON-CURRENT ASSETS		9,159	8,065
CURRENT ASSETS			
Loan receivables	13	597	680
Trade and other receivables	14	242	212
Cash and cash equivalents		3,939	1,907
TOTAL CURRENT ASSETS		4,778	2,799
TOTAL ASSETS		13,937	10,864
CURRENT LIABILITIES			
Trade and other payables	15	(163)	(100)
NON-CURRENT LIABILITIES			
Provisions for liabilities	17	-	-
TOTAL LIABILITIES		(163)	(100)
NET ASSETS		13,774	10,764
CAPITAL AND RESERVES			
Called up share capital	18	7,397	6,176
Share premium		1,810	1,099
Retained earnings		4,567	3,489
TOTAL EQUITY		13,774	10,764

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: 16 December 2022

The notes on pages 33 to 45 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 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
Share Issue	1,221	711	-	1,932
Profit for the year	-	-	1,355	1,355
Dividends Paid	-	-	(277)	(277)
Balance at 31 August 2022	7,397	1,810	4,567	13,774

The notes on pages 33 to 45 form part of these financial statements.

Cash Flow Statement

	2022 £'000	2021 £'000
Cash flows from operating activities		
Profit after tax	1,355	2,627
Adjustments for:		
Depreciation and amortisation	3	3
Bad debt expense	-	-
Bank interest (receivable)/payable	(1)	(1)
Interest income on loans	(151)	(125)
Dividend income	(141)	(79)
Taxation charge	-	(286)
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	-	(140)
Increase/(Decrease) in trade and other payables	63	30
Fair value (gains) on investments	(1,537)	(2,423)
Cash generated from operations	(409)	(394)
Bank interest received/(paid)	1	1
Tax refund	-	-
Net cash used in operating activities	(408)	(393)
Cash flows from investing activities		
Payments to acquire tangible fixed assets	-	(7)
Payments to acquire investments	(501)	(2,850)
Proceeds from the disposal of investments	1,310	4,403
Dividends received	108	79
Loans advanced	(625)	(141)
Repayment of loans from loan receivables	339	296
Interest receipts from loan receivables	154	132
Net cash generated in investing activities	785	1,912
Cash flows from financing activities		
Dividends paid	(277)	-
Proceeds from share issues	1,932	-
Net cash generated from financing activities	1,655	-
Net cash inflow for the year	2,032	1,519
Cash and cash equivalents at start of year	1,907	388
Cash and cash equivalents at the end of the year	3,939	1,907

The company does not have any debt.

The notes on pages 33 to 45 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 AQUIS Growth Market (Apex sector), 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 14 to 17.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The financial statements have been prepared in accordance with UK adopted International Accounting Standards and the Companies Act 2006. The principal accounting policies adopted by the Company are set out below.

The preparation of financial statements 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.

Notes To The Financial Statements (Continued)

They are deconsolidated from the date on which control ceases.

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) New accounting standards, amendments and interpretation of existing (separately or together “new accounting requirements”), effective from 1 January 2021.

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

- Amendments to IFRS9, IAS39 and IFRS17 – interest rate benchmark reform. The Phase 2 amendments address issues that might affect the financial reporting after the reform of an interest rate benchmark, including the replacement with alternative benchmark rates.
- IFRS16 ‘COVID-19-Related Rent Concessions. This extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification

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

f) 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.

- Annual improvements to IFRS standards 2018-2020
- IAS16 – Property, Plant and Equipment – Proceeds before intended use
- IAS37 – Onerous Contracts – Cost of fulfilling a Contract
- IFRS17 “Insurance Contracts”
- IAS1 (amendment) – Classification of Liabilities as Current or Non-current.
- IAS8 – Amendments on Accounting Estimates
- IAS12 – Amendments on Deferred Tax

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.

g) Revenue recognition

Rendering of services – Management fees

Revenue from a contract to provide management 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) 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 depreciation 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

i) 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 measured at fair value with changes in fair value being recorded through profit or loss at each balance sheet date.

Notes To The Financial Statements (Continued)

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.

j) 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.

K) 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.

L) Share-based payments

The Company operates a cash-settled share-based payments benefit scheme that is open to executive 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.

M) 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

Notes To The Financial Statements (Continued)

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.

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 using a range of multiples and discount factors considered appropriate to the investee company's business. 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. The movement in the investment portfolio valuation is disclosed in note 12 of the financial statements.

ii) Impairment of loan, trade and other receivables

The Company is required to recognise a loss allowance ("impairment") for any expected credit losses on financial assets

that are 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. The impairment provision is disclosed in note 13 of the financial statements.

b) Critical accounting judgements (apart from those involving estimations)

i) 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 forecasts and budgets based on a number of assumptions including the timing and quantum of loan repayments, dividends and investment disposals.

Management have not identified any judgements (apart from those containing estimates) that are considered significant in the preparation of the financial statements.

ii) Techniques applied to the valuation of investments

Directors apply judgement when selecting the most appropriate valuation methodology to apply to each investment. The International Private Equity and Venture Capital Guidelines allow for discretion by management to select the most appropriate valuation methodology for each investment held.

Notes To The Financial Statements (Continued)

4. REVENUE	2022 £'000	2021 £'000
An analysis of the revenue is as follows:		
Management fees	131	140
Arrangement & Advisory fees & other income	69	91
Interest income	151	125
Dividend income	141	79
	492	435

All revenue arose within the United Kingdom.

5. PROFIT FROM OPERATIONS	2022 £'000	2021 £'000
Profit from operations has been arrived at after charging:		
Amortisation and depreciation	3	3
Operating lease expense - property	6	6
Auditor's remuneration:		
Fees payable to Company's auditor for audit of the financial statements	24	23

6. STAFF COSTS

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

	2022 Number	2021 Number
All employees (including Directors)	10	8

	2022 £'000	2021 £'000
The aggregate remuneration comprised:		
Wages and salaries	342	271
Bonus	63	24
Social security and taxes	34	31
Pension costs	23	16
Share-based payments (note 19)	26	24
	488	366

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

Notes To The Financial Statements (Continued)

Directors' emoluments

	2022 £'000	2021 £'000
The aggregate remuneration comprised:		
Wages and salaries	214	158
Bonus	33	14
Pension costs	7	4
Share-based payments	14	11
	268	187

One (2021: one) director accrued benefits under the company pension plan.

Emoluments of highest paid director

	2022 £'000	2021 £'000
Wages and salaries	89	67
Bonus	18	8
Share-based payments	7	7
Total	114	82

7. NET GAIN IN THE FAIR VALUE OF INVESTMENTS

	2022 £'000	2021 £'000
Movement in the year	1,537	2,423
Fair value gain	1,544	2,527
Fair value loss	(7)	(104)
Total	1,537	2,423

8. INCOME TAX EXPENSE

	2022 £'000	2021 £'000
Current tax:		
Adjustment in respect of prior periods	-	-
Deferred tax:		
Charge for year	-	-
Adjustment in respect of prior periods	-	(286)
Total tax	-	(286)

Notes To The Financial Statements (Continued)

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

	2022 £'000	2021 £'000
Profit before taxation	1,355	2,341
Expected tax charge on profit before tax at 19% (2021: 19%)	257	445
Effects of:		
Expenses not deductible for tax purposes	3	2
Income not taxable	(292)	(460)
Exempt dividend income	(27)	(15)
Chargeable gains	-	128
Use of losses brought forward	-	(100)
Adjustments in respect of previous period	-	(286)
Unutilised tax losses	59	-
Current and deferred tax (credit)/charge	-	(286)

The Company has carried forward trading losses of £2.008m. A deferred tax asset has not been recognised in respect of these losses.

9. EARNINGS PER SHARE

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

	2022 £'000	2021 £'000
<i>Earnings:</i>		
Earnings for the purpose of basic earnings per share: net profit for the year attributable to equity holders of the company	1,355	2,627
<i>Number of shares:</i>		
Weighted average number of ordinary shares including dilutive warrants	17,656,570	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

	2022 £'000	2021 £'000
Dividends paid during the year (excluding those where a liability existed in the prior year): 1.5p per share (2021: nil)	277	-
	2022 £'000	2021 £'000
Dividends proposed after the year end (and not recognised as a liability) 1.75p per share (2021: 1.5p per share)	324	232

Proposed dividends reflect the calculation of the expected dividend payable based on shares in issue at the year end date. Dividends paid during the year reflect the shares in issue at the declared dividend date.

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 2021	7	3	10
Additions	-	-	-
At 31 August 2022	7	3	10
Amortisation and Depreciation			
At 1 September 2021	2	2	4
Charge for year	3	-	3
At 31 August 2022	5	2	7
Carrying amount			
At 31 August 2022	2	1	3
At 31 August 2021	5	1	6

12. INVESTMENTS

i) UNLISTED INVESTMENTS

	Level 1 £'000	Level 2 £'000	Level 3 £'000	2022 Total £'000	2021 Total £'000
At 1 September 2021	-	-	7,820	7,820	6,950
Disposals	-	-	(1,310)	(1,310)	(4,403)
Additions	-	-	501	501	2,850
Fair value gain/(loss)	-	-	1,537	1,537	2,423
At 31 August 2022	-	-	8,548	8,548	7,820

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.

ii) INVESTMENTS IN SUBSIDIARIES

	2022 £'000	2021 £'000
At 31 August 2022 and 31 August 2021	-	-

Notes To The Financial Statements (Continued)

13. LOAN RECEIVABLES

	2022 £'000	2021 £'000
At 1 September 2021	919	1,074
Loan additions in the year	625	141
Loan repayments in the year	(339)	(296)
At 31 August 2022	1,205	919
Amounts due within one year	597	680
Amounts due between one year and five years	608	239
Total	1,205	919

The directors consider that the carrying amount of loans receivable approximate 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 (2021: £NIL). The expected credit loss provision recognised at the year-end date in respect of loans is £133,000 (2021: £133,000).

14. TRADE AND OTHER RECEIVABLES

	2022 £'000	2021 £'000
Deferred consideration	170	150
Trade receivables	12	37
Prepayments and accrued income	58	9
Other receivables	2	16
	242	212

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 (2021: £NIL) have been recognised in the year ended 31 August 2022.

Included within the deferred consideration debtor is £115,000 (2021: £120,000) which is due in more than one year.

15. TRADE AND OTHER PAYABLES

	2022 £'000	2021 £'000
Trade payables	7	20
VAT and social security payable	17	42
Other payables	139	38
	163	100

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

Notes To The Financial Statements (Continued)

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.

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 (2021: £NIL) against its accrued income and £133,000 (2021: £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 2022				
Financial assets				
Investments	12	8,548	-	8,548
Loan receivables	13	-	1,205	1,205
Trade and other receivables	14	-	228	228
Cash and cash equivalents		-	3,939	3,939
		8,548	5,372	13,920
Financial liabilities				
Trade payables and other payables	15	-	146	146

Notes To The Financial Statements (Continued)

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	-	203	203
Cash and cash equivalents		-	1,907	1,907
		7,820	3,029	10,849
Financial liabilities				
Trade payables and other payables	15	-	58	58

17. PROVISION FOR LIABILITIES AND CHARGES

	2022 £'000	2021 £'000
Deferred tax provision	-	-
The movements during the year were as follows:		
At 1 September 2021	-	286
(Credited)/Charged for the year	-	(286)
At 31 August 2022	-	-

18. SHARE CAPITAL

	2022 Number	2022 £'000s	2021 Number	2021 £'000
Issued and fully paid:				
<i>Ordinary shares of 40p each</i>				
At 1 September 2021	18,492,279	7,397	15,441,942	6,176
At 31 August 2022	18,492,279	7,397	15,441,942	6,176

On 21st December 2021, the company issued 3,050,337 ordinary shares of 40p each at a price of 64p per share. The expenses and commissions paid on the share issue have been deducted from the share premium arising.

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

Notes To The Financial Statements (Continued)

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:

	2022 £'000	2021 £'000
Cash-settled scheme (SIP)	26	24

There was NIL liability outstanding at the year-end (2021: £NIL).

20. POST BALANCE SHEET EVENTS

Investee: Hire And Supplies Limited (H&S)

On 11th October 2022 as part of a funding round and capital reorganisation at H&S, the company sold its holding of 'A' ordinary shares for cash consideration of £0.97 million. The original cost in 2016 of these shares was £0.30m.

Alongside its disposal of the 'A' ordinary shares, the Company has subscribed £1.21m for new ordinary shares in H&S as part of the funding round. Following these transactions, the company holds 20.76% of H&S's enlarged share capital.

21. CONTINGENT LIABILITIES

At the year end date, the Company has provided guarantees to certain investee companies as set out below:

	2022 £'000	2021 £'000
Provision of third-party guarantee in relation to sales invoice facilities	650	650
Provision of third-party guarantee in relation to a working capital loan	-	200

Notes To The Financial Statements (Continued)

22. RELATED PARTY TRANSACTIONS

Transactions with other related parties

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

	Sales		Purchases	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Entities in which the Company has significant influence	22	30	-	17

Balances with other related parties

During the year the 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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Entities in which the Company has significant influence	1	1	-	-

During the year the Company made a provision of £NIL (2021: £NIL) against amounts due from entities in which the Company has significant influence.

Key management personnel

The Directors are considered to be the key management personnel of the Company. Their remuneration is disclosed within note 6.

23. CONTROLLING PARTY

The Directors do not consider the company to be under the control of any one individual or entity.

Notes

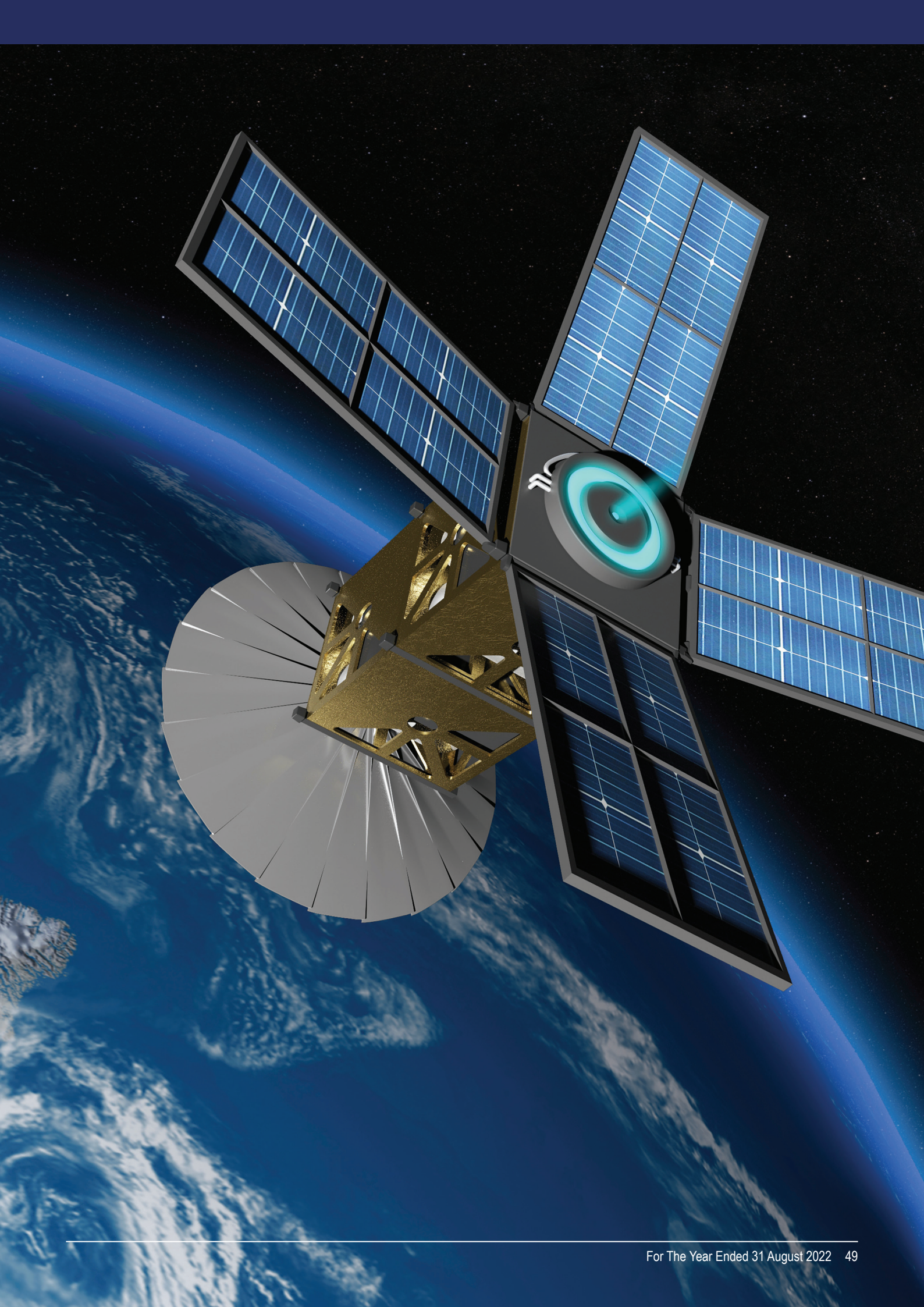
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