

1 February 2024

**CAPITAL FOR COLLEAGUES PLC**  
(‘Capital for Colleagues’, ‘C4C’ or the ‘Company’)

**AUDITED RESULTS FOR THE YEAR ENDED 31 AUGUST 2023**

Capital for Colleagues, the investment vehicle focused on opportunities in the Employee Owned Business (‘EOB’) sector, is pleased to announce its audited results for the year ended 31 August 2023.

**CHIEF EXECUTIVE’S REPORT**

I am pleased to report that C4C has made further solid progress during the year against a continuing difficult economic background. In particular, rising labour costs, a tight labour market and lengthening sales cycles have provided specific challenges for a number of our investee companies. However, the valuations of several of our investments have again increased meaningfully during the year under review on the back of robust financial progress. We remain 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 under review, C4C acquired 100% of the share capital of MI Accountancy Solutions Limited (MIA). MIA is an accountancy firm that offers a range of accounting services, principally the preparation of management accounts. MIA already provides accounting services to a number of C4C’s investee companies, and the Directors believe that, by bringing these services in house, C4C will be able to cost-effectively broaden the support and advice it offers EOBs, whilst at the same time strengthening relationships with existing investee companies.

During the year to 31 August 2023, the Net Asset Value per share (NAV) rose by 10.1% to 81.99p (2022: 74.49p). In addition, a dividend of 1.75p per share was paid in March 2023.

The strong trading performance of several companies in the portfolio resulted in net revaluation gains of £1.802m (2022: £1.537m). Loan impairments were minimal during the year under review at £17k (2022: nil).

It is pleasing to report that revenue from operations rose by 80% over the previous year. Organic revenue growth, excluding the acquisition of MIA, was 41% with all of our income streams showing strong progress.

**Board Changes**

We were delighted to welcome Deb Oxley to the C4C Board during the year under review. As Chief Executive Officer of the EOA from 2015 to 2022, Deb led the national campaign to increase the profile and impact of employee ownership in the UK. An influential and passionate advocate, Deb represented the UK employee ownership sector with business groups, created partnerships within industry and was pivotal in shaping employee ownership focussed industry leadership groups. Since leaving the EOA, Deb has founded Oxley Works, a specialist consultancy working with employee

owned and purpose driven enterprises. Deb was awarded an OBE in 2019 for her services to employee ownership and social enterprise and became a Deputy Lieutenant of the East Riding of Yorkshire in 2021.

Our Chairman, Richard Bailey, has led the Company since its inception in 2013. Richard has intimated his intention to retire at the Annual General Meeting following the financial year to 31 August 2025. Ed Jenkins, the senior Independent Non-Executive Director has agreed to become Chairman thereafter for a two-year period until the Annual General Meeting following the financial year to 31 August 2027. The Board recognises that both Richard and Ed have been in situ for longer than the 9 years recommended under the UK Corporate Governance Code. However, having consulted with most of C4C's major shareholders, we believe that there is broad agreement that this continuity makes sense at this time as the company considers the next stage in its evolution.

## **New Investment**

### **Morris Commercial Limited (MCL)**

MCL is a UK-based automotive engineering and manufacturing start-up, focused on innovation and the creation of desirable carbon neutral transport. MCL's initial product, the Morris JE electric van, draws inspiration from the iconic Morris J-Type, arguably one of the most recognisable vans of the 1950s, and combines cutting-edge battery technology and lightweight carbon-fibre construction with classically inspired British design. Most components of the Morris JE are both recycled and recyclable further enhancing its environmental appeal.

C4C has committed to invest £1.0 million for 1,000,000 A ordinary shares in MCL, alongside Bill Ainscough, a non-executive Director of C4C, and TJ Morris Limited, a significant shareholder in C4C, both of whom have committed to invest £3.5 million. The investments will be made in three tranches, with an initial investment of 50% of the total, followed by two further tranches of 25%, subject to the achievement of certain technical and commercial milestones. We anticipated that the investments would be fully drawn down by 31 December 2023. However, a key milestone relates to the establishment of a suitable manufacturing facility and it has taken longer than originally expected to conclude the negotiations for a suitable site.

Substantial funding and resources have already been invested to bring the Morris JE from a concept to a production prototype, which made its debut in September 2022. The proceeds of this investment round will be used by MCL for further research & development, engineering validation, certification and productisation. The funding round will also enable MCL to recruit further expertise, and to strengthen its partnerships with core suppliers. MCL anticipates that deliveries of the Morris JE will commence towards the end of 2024.

### ***Additional Investment***

We increased our investment in two portfolio companies during the year under review.

As part of a capital reorganisation, C4C invested an additional £240k in Hire & Supplies and converted £250k of short term debt finance in The Real Outdoor Xperience (formerly known as South Cerney Outdoor) into A ordinary shares.

We advanced short term loans totalling £0.762m to five existing investees, Computer Application Services Limited, Hire & Supplies Limited, P2P Logistics Limited, The Security Awareness Group

Limited and The Real Outdoor Xperience Limited, providing those companies with additional short term working capital.

We also advanced £0.750m to Bright Ascension Limited as a temporary facility ahead of a larger funding round announced in October 2023 involving existing investors, including C4C.

In addition, as part of a re-organisation, we concluded a transaction with 2C Services Limited, whereby at the same time as we disposed of our holding in exchange for a long term loan note for £0.70m, we invested in their new holding company (EO MPS Holdings Limited).

During the year, loan repayments of £0.967m were returned from six existing investees.

### ***Realisations***

There were no major realisations during the year but we reduced our exposure to both Computer Application Services Limited and The Homebuilding Centre (Holdings) Limited resulting in healthy gains over the original cost.

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 Computer Application Services Limited, Hire & Supplies Limited and The Homebuilding Centre (Holdings) Limited.

### **Highlights**

Many of the companies in the portfolio made good progress during the year at the operating level and some highlights are provided below. 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.

#### ***TPS Investment Holdings Limited***

TPS is a market-leading provider of infrastructure products for water, energy, housing and transport markets on the island of Ireland via depots in Lisburn and Dublin. The company is planning to open a third depot in the South West of Ireland in the near future. The company has produced several years of exceptional growth and this continued into the first quarter of 2023 leading to further upward progress in the valuation of the business. Since then growth has moderated albeit at record levels. This in part reflects 2022 being a bounce back year following Covid and the benefits of supply chain inflation on its substantial stockholdings. This impact has reversed somewhat in recent months as product prices have stabilised. However, the plateauing of growth in the short term has reduced working capital requirements and the company is close to extinguishing its external borrowings. TPS pays a substantial dividend to its shareholders. The company is well positioned to resume its long term growth trend when better market conditions return and is currently in the process of developing its next generation of management.

#### ***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 40% to almost £1.75m per annum, covering a significant proportion of the company's cost base. It is particularly pleasing to note that this growth

has come from both new clients won as well as significantly increased revenues from existing customers. The strong growth achieved by CAS has led to a significant increase in the valuation of our holding. After the sale of part our holding, as detailed above, the holding in CAS is valued at almost £1.9m and is the second largest holding in C4C's portfolio.

### ***Craft Prospect Limited***

Craft Prospect Limited (CPL) is a space engineering business founded in 2017, based in Glasgow, recognised as the "CubeSat" capital of Europe. CPL has three distinct capabilities which it applies to the small (nano) satellite market. First, mission architecture and design services, which is critical for any successful mission. Second, responsive operations which enables the transfer of decision-making and data processing from the ground to space craft and lastly deploying its expertise in AI and Quantum Technology through Quantum Key Distribution (QKD) which enhances secure communication between space and ground receiver stations.

The most significant accomplishment during the financial year was winning the competitive OPS-SAT Versatile Optical Laboratory for Telecoms (OS2-VOLT) Mission for the European Space Agency. This project is being led by CPL and will incorporate a range of CPL's previously developed technologies on board, including QKD, Space hardware and autonomous operations software. The Telecom Directorate of ESA under the ScyLight programme will evaluate and test radical new techniques and technologies in real time in a Low Earth Orbit (LEO) environment. The project will deliver over €11.5m (including partner costs and match funding) in revenue to CPL over the next 4 years.

One of the UK consortium members is Bright Ascension Limited (BAL), which is also a C4C investee company. BAL is involved with the development and delivery of flight software.

### ***Hire & Supplies Limited***

Hire & Supplies provides a wide range of tool and plant hire via two depots to comparatively remote markets in the West of Scotland where the presence of competition is relatively low. The company has grown consistently in almost every year since our original investment in 2014 and, despite tightening markets, that growth has continued into the current year. Growth has been fuelled by the ongoing reinvestment of the majority of profits in the expansion and upgrading of a hire fleet that is now valued in excess of £9m. The company introduced a progressive dividend in 2020, further enhancing returns for shareholders. The company has benefitted as tightening conditions have resulted in contractors being less likely to carry the permanent fixed costs of owning their own plant and equipment and are more inclined to hire as required. C4C continues to support Hire &Supplies with the company planning for further growth by broadening its management base and seeking to apply its business model south of the border into Cumbria.

### ***Carpenter Oak Group Limited***

Carpenter Oak has been a leading provider of hand-finished oak framed buildings and structures since the late 1980's, operating from yards in SW England and Central Scotland, and employing around 35 skilled designers and craft carpenters. A recently appointed new management team has successfully transitioned Carpenter Oak's business into higher margin niches and has delivered some notable projects, including a complex octagonal roof for Radley College Chapel, for which it has won several industry awards.

During the year, agreement was reached, with support and advice from C4C, for the formation of a new holding company, Carpenter Oak Group Limited (COG), which will be 51% owned by an

Employee Ownership Trust (EOT), with the balance owned by C4C (30%) and management (19%). The EOT, which previously held a 7.5% interest in EOG, has acquired its controlling interest from EOG's founding shareholder.

### **Downward revaluations**

We have reduced the valuations of a small number of our investments to reflect the challenging trading conditions that these companies are currently facing. The total of these downward revaluations was £718k (2022: £7k). We remain very comfortable with the longer-term prospects of all of these investments.

### **Dividend**

The Board of C4C believes that where profitable realisations occur, it would be appropriate to distribute some of these gains to shareholders. A final dividend of 2.00p per ordinary share will be paid on 8 March 2024 to shareholders on the register on 16 February 2024.

### **Outlook**

C4C has a diverse portfolio of investments with a number of investees involved in traditional sectors alongside several investments in companies that are involved in higher growth, evolving sectors such as space and electric vehicles. We anticipate further solid growth from the companies involved in traditional areas, most of which have been outperforming their competitors for many years.

We are particularly excited about the outlook over the next twelve to eighteen months for our investee companies that are involved in the space sector, Bright Ascension and Craft Prospect. Both companies are already generating meaningful commercial revenues and have received international recognition through the award of major research and development contracts from the European Space Agency.

We continue to have a pipeline of interesting new opportunities for potential investment from C4C. Following on from the announcement in December 2023 of our new investment in Rapid Retail Limited, we hope to be updating shareholders with news of a further exciting new investment in the near future.

Alistair Currie  
Chief Executive Officer

## **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2023**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Revenue	887	492
Fair value gain / (loss) on investments	1,802	1,537
Total income from investing activities	----- 2,689	----- 2,029
Administrative expenses	(978)	(675)

Impairment of loan receivables	(17)	-
	-----	-----
<b>OPERATING PROFIT</b>	1,694	1,354
Finance income	18	1
Profit for the year before tax	-----	-----
Tax credit / (charge)	1,712	1,355
	-	-
	-----	-----
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>	1,712	1,355
	=====	=====
<b>Earnings per share attributable to the ordinary equity shareholders</b>		
Basic and diluted	9.26p	7.68p
	=====	=====

All the activities of the Company are from continuing operations.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 AUGUST 2023**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>NON-CURRENT ASSETS</b>		
Intangible fixed assets	110	2
Tangible fixed assets	2	1
Investments	11,070	8,548
Loan receivables	799	608
	-----	-----
<b>TOTAL NON-CURRENT ASSETS</b>	11,981	9,159
	-----	-----
<b>CURRENT ASSETS</b>		
Loan receivables	1,631	597
Trade and other receivables	284	242
Cash and cash equivalents	1,986	3,939
	-----	-----
<b>TOTAL CURRENT ASSETS</b>	3,901	4,778
	-----	-----
<b>TOTAL ASSETS</b>	15,882	13,937
	=====	=====
<b>CURRENT LIABILITIES</b>		
Trade and other payables	(720)	(163)

**NON-CURRENT LIABILITIES**

Provisions for liabilities	-	-
	-----	-----
<b>TOTAL LIABILITIES</b>	(720)	(163)
	-----	-----
<b>NET ASSETS</b>	15,162	13,774
	=====	=====
 <b>CAPITAL AND RESERVES</b>		
Called up share capital	7,397	7,397
Share premium	1,810	1,810
Retained earnings	5,955	4,567
	-----	-----
<b>TOTAL EQUITY</b>	15,162	13,774
	=====	=====

**\*\*ENDS\*\***

For further information, please visit [www.capitalforcolleagues.com](http://www.capitalforcolleagues.com) or contact:

**CAPITAL FOR COLLEAGUES PLC**

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Richard Bailey, Chairman

Alistair Currie, Chief Executive

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**Capital for Colleagues**

Capital for Colleagues is an investment company focused on the UK EOB sector. The Company has a proven management team, with a wide network of contacts and affiliates, as well as established access to investment opportunities, enabling the Company to execute its strategy and capitalise on EOB-focused investment opportunities. In addition, the Company educates and assists companies that are looking to launch employee ownership schemes, advising them, amongst other things, on how to secure investment and achieve their objectives.

**Market Abuse Regulation (MAR) Disclosure**

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation EU 596/2014 as it forms part of retained EU law (as defined in the European Union (Withdrawal) Act 2018).