Capital for Colleagues

Advice Investment Growth

Report And Consolidated Financial Statements

For the year ended 31 August 2023

Capital for Colleagues PLC

Company Number: 08717989

Directors, Advisers and Officers

Registered Number	08717989
Directors	Richard Bailey (Chairman) Bill Ainscough Alistair Currie Ed Jenkins John Lewis Deb Oxley Richard Sloss
Company Secretary	John Lewis
Registered Office	Capital for Colleagues PLC Ground Floor, Office A No 1: The Design Centre, Roman Way Crusader Park, Warminster BA12 8SP www.capitalforcolleagues.com
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Auditor	Beever and Struthers One Express 1 George Leigh Street Ancoats Manchester M4 5DL
Share Registrar	Share Registrars Limited 3 The Millennium Centre Crosby Way Farnham Surrey GU9 7XX
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Solicitors	DAC Beachcroft LLP 25 Walbrook London EC4N 8AF

Report and Financial Statements

Capital for Colleagues PLC

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Front Cover: Prototype Morris JE electric van

Employee Ownership – A Sound Investment

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 deploying equity, but including debt where appropriate.

C4C has made these investments because it is good business and now for the first time, we have irrefutable evidence demonstrating that investing in EOBs is indeed good business.

In 2022, the Employee Ownership Association (EOA) commissioned the independent think tank Ownership at Work, to undertake a research project that compared EOBs with non-EOBs, for the first time, across economic, financial, social and environmental outcomes. The *EO Knowledge Programme* is the outcome of that research. Approximately 9% of EOBs in the UK were covered and contrasted with a comparable control group of non-EOBs. Management teams were interviewed to better understand the decisions driving their company's economic, social and environmental impacts. The findings make interesting reading:

Growth of the Employee Ownership (EO) Sector

- The number of EOBs in the UK, as at October 2023, was 1,650.
- In the past 12 months (to October 2023) the EO sector grew by 30%, creating 330 new EOBs. The annual growth rate between 2011 and 2023 was 16%.
- Non-EOBs grew by only 2.2% over the same twelve month period.

Financial performance & resilience

Comparisons are against the control group of non-EOBs.

- EOBs punch above their weight in terms of contribution to the UK economy. EOBs amount to 0.1% of overall businesses and yet drive 0.8% of GVA[1] and approximately 2% of overall economic activity.
- ***EOBs are 8-12% more productive than non-EOBs based on GVA per employee.***
- Over the past 5 years, EOBs are 50% more likely to have increased investment in R&D than non-EOBs.
- EOBs are more than 50% more likely to increase their workforce. 64% of EOBs increased headcount in the last 5 years versus 41% of non-EOBs.
- The majority of EOBs (57%) report increased profits since becoming an EOB and more than 25% were more likely to have seen profits increase over the past five years.
- EOBs were less likely to have seen their profits decline over the last five years (14% vs 25%) including through pandemic and supply chain crises.
- In terms of job security, employees were five times less likely to be made redundant in the last three years, (for smaller firms that measure is even higher at eight times less likely).

Skills development

- 93% of EOBs invested in on-the-job learning & development over the past 12 months, compared to 85% from the control group. In addition, EOBs spend, on average, £38,000 (12%) more on training per company.
- Sharing business information is a key part of engaging employees. EOBs are more likely to share sensitive business information with employees across a number of categories, (costs, decision-making by the senior team, investments, performance, new business and sales).

Sustainability

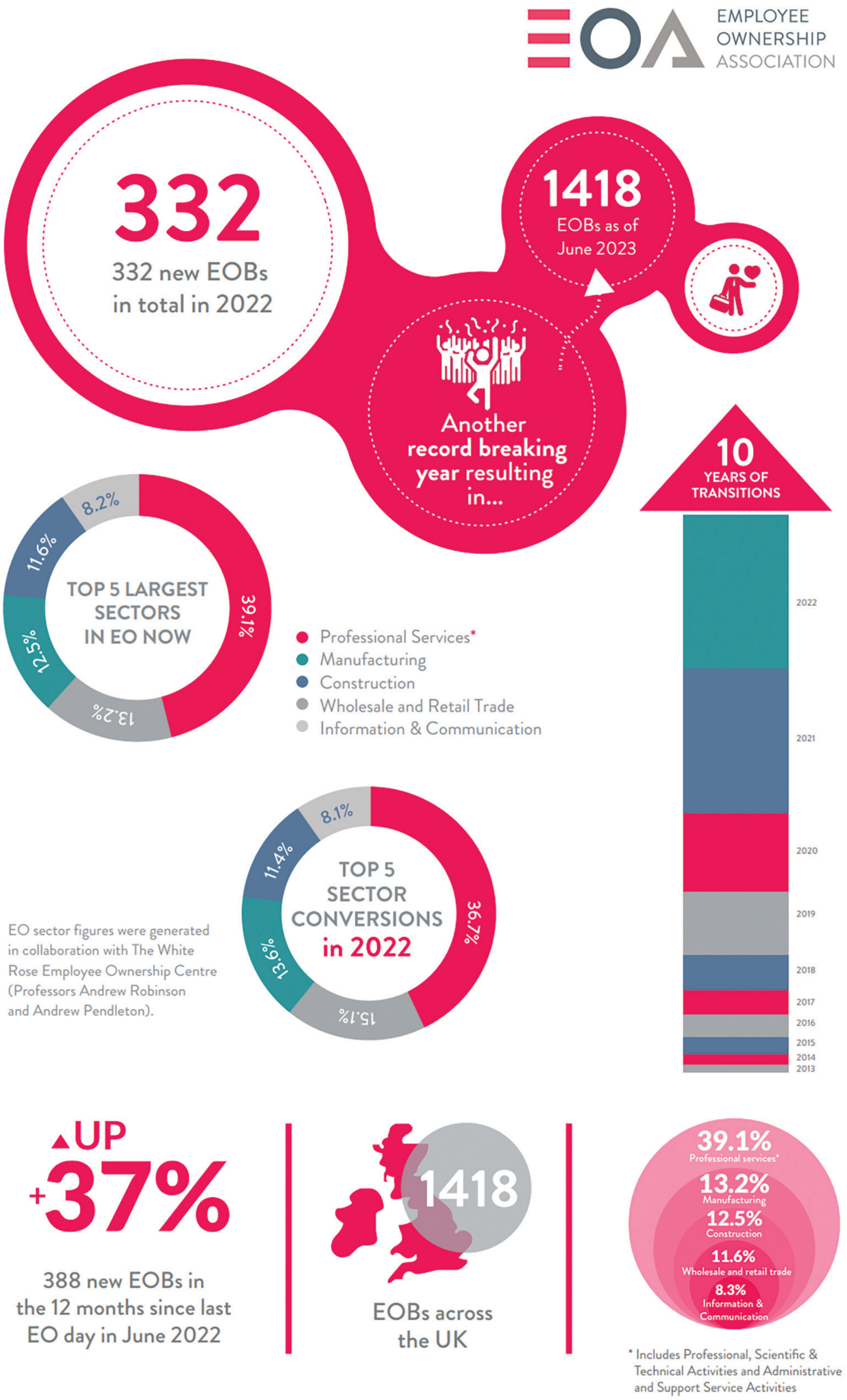
- More EOBs are likely to have a Net-Zero or carbon management strategy (54% vs 30%).
- EOBs are more likely to have an environmental sustainability accreditation, such as Planet Mark, B Corp or ISO standards (35% vs 16%).

In keeping with last year's annual report and the evidence shown above and on the following page, we are confident that EO will continue to grow in the UK. Hitherto EO has had strong cross party support and The EO Knowledge Programme report provides excellent new evidence as to why this should continue.

1 - Gross Value Added (GVA) is an economic productivity measure. It provides a financial value for the goods & services produced, less cost of inputs and raw materials directly attributable to that production.
GVA adjusts Gross Domestic Product (GDP) by the impact of subsidies and taxes (tariffs) on products. The latter is a key indicator of the state of a nation's total economy.

Employee Ownership – A Sound Investment (Continued)

Employee Ownership in the UK as at June 2023



Source: White Rose Centre for Employee Ownership (WREOC).

Employee Ownership – A Sound Investment (Continued)

Financing Employee buyouts

Vendor finance and debt financing is still the predominant source of capital for EO transitions. Deferred consideration may be paid over many years, and the vendors are likely to remain in positions of power and influence for as long as their deferred consideration is outstanding. This may well place constraints on the new managers who are charged with leading the business post transition.

The sector has the opportunity to welcome greater involvement by external providers of both debt and equity funding. C4C's experience shows clearly that patient external finance is a viable and successful option – and we would welcome additional providers in the sector.

Impact of C4C's portfolio

As at August 31 2023, C4C had 14 companies in its portfolio. These employee owned businesses collectively produce an annual turnover of approximately £46.2m. Since C4C's initial investment, the number of employees in these companies has increased from 264 to 335. 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 2023. As per prior years, and in response to suggestions from shareholders we have added some additional metrics relating to progress following C4C's first investment and these are also shown below.

Employee Ownership – A Sound Investment (Continued)

EMPLOYEE OWNERSHIP STATISTICS	2023 £000s	2022 £000s
Total turnover of C4C investees	46,177	45,310
Less disposals during 2023	-	-
Additions during the year	2	-
As at 31st August 2023*	46,179	45,310
* previous year adjusted for disposals		
Additional value created for employee owners (Since first C4C investment)	17,428	14,076
Less disposals	-	-
Additions during the year	7,316	-
As at 31st August 2023*	24,744	14,076
* previous year adjusted for disposals		
	Number	**Number**
Total number of people employed by C4C investees	320	350
Less disposals during 2023	-	-
Additions during the year	15	-
As at 31st August 2023*	335	350
Since first C4C investment		
Additional jobs created	128	147
Number of new employee owners	318	342

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 August 31 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.

Chief Executive's Report (Continued)

Morris JE electric van prototype outside Fortnum & Mason in London

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.

Follow on loans

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,

Chief Executive's Report (Continued)

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.

Trebuchet built and installed by Carpenter Oak at Warwick Castle. Courtesy of Merlin Entertainments.

Downward revaluations

We have reduced the valuations of a small number of our investments to reflect the challenging trading conditions that these

Chief Executive's Report (Continued)

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
Date 17 January 2024

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 website links for those seeking additional information on these companies.

Bright Ascension Limited

www.brightascension.com

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. BAL 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, more than 50 spacecraft have reached orbit with BAL's software onboard and at least 10 more are due to launch by the end of 2024. 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 full-cycle satellite software. This expansion stage closely correlates to the company's participation in the ESA's ARTES Pioneer programme, a multi-year project set to design and develop a cutting-edge solution which will enable a wide range of companies to create innovative satellite constellation services at a significantly reduced cost and within a reduced timeframe.

Carpenter Oak 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 has now concluded a transaction in which the EOT has increased its stake in the company to 51%.

Computer Application Services Limited

www.casltd.com

CAS, based in Edinburgh, is a developer of Workpro case management software. Applications include the management of regulated complaints, where complex elements must be routinely managed. CAS also offers IT support in niche areas, including the provision of services to the Ministry of Defence; noise monitoring on a number of Army training ranges and managing pilot training activities at RAF Spadeadam.

Before CAS moved to employee ownership in 2014, case management clients were exclusively members of the UK Ombudsman community managing housing, local government and legal complaints. Ombudsman clients remain an important element of CAS's business and the company now has a number of Ombudsman clients in the Caribbean and North America. However, investment to develop Workpro as a 'software as a service' product has resulted in CAS opening up new markets in both the public and private sectors in the UK and overseas. Workpro applications have been developed for employee relations casework, regulated financial complaints, management of Freedom of Information requests and other applications where casework can be complex.

Capital For Colleagues - Investment Portfolio (Continued)

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

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 Technology, of which Quantum Key Distribution resulting in smart, secure communications between the satellites and ground based receiver stations, is a particular strength.

CPL is now over twenty five people and it is gaining a strong reputation within the industry. Against strong competition, it won the OS2-VOLT programme, commissioned and funded by the European Space Agency (ESA) and the UK Space Agency (UKSA).

CPL has strengthened its Board during the past year and now has three Non-Executive Directors, supported by observers from its minority shareholders Scottish Enterprise and The University of Strathclyde. The employees, through a Share Incentive Plan (SIP) and direct holdings, still own over 60% of the business.

CPL employee owner, engineer Kenny Jeffrey operating a 3D printer in the lab

EO MPS Holdings Limited (trading as 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 offering to an SME customer base to which it sometimes acts as the dedicated “Internal IT Department”.

In a number of cases C4C has found that the transition of a business 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.

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 £9m in value since the management buyout.

C4C is supporting the growth of EO 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 further investors in the business and re-organised and increased its own stake.

Capital For Colleagues - Investment Portfolio (Continued)

Morris Commercial Limited
www.morris-commercial.com

Morris Commercial is a UK based automotive engineering and manufacturing company, whose initial product is the Morris JE van, based on the iconic 1950s Morris J-Type van. Most of the components for the Morris JE van are recycled and recyclable, making it a low carbon production vehicle.

In March 2023, C4C invested £1m, alongside two other investors who provided £7m. This investment will enable the company to significantly increase its R&D spend, engineering certification and production. Based on its existing prototype vehicles, the company has secured considerable interest and pre-orders for its vans.

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 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 currently responding to difficult market conditions by moving into warehousing and storage services predominantly for existing customers.

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 renewed public interest in energy efficiency is currently opening up new business opportunities for the NSBRC. A winner of multiple business awards, the company has most recently been nominated for a National Sustainability Award.

Visitors attending a lecture during a conference at the NSBRC

Capital For Colleagues - Investment Portfolio (Continued)

The Real Outdoor Xperience Limited (formerly known as South Cerney Outdoor Limited)

www.southcerneyoutdoor.co.uk

The Real Outdoor Xperience (ROX) is an outdoor recreation centre originally established in 1979 on its current 53 acre site, which includes a 47 acre lake in the popular Cotswold Water Park area. It was initially operated as a public service by Gloucestershire County Council. With the support of C4C, the senior team acquired the business in 2019. 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. This year's mixed weather has shown that its success is heavily dependent on good weather, particularly in the "pay & play" market. The high ropes tower (the tallest in the south of England) and the café, with its enhanced food offering, continue to contribute well to the centre's operations.

The management team is continually looking for opportunities to expand revenue generating opportunities and the name change to ROX will facilitate that.

Fine dining at The Lodge on the lake at ROX

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 current global macro-economic uncertainty continues to present TSC with challenges. However, after a slow start to the year, business has picked up well, partly because company Chief Information Security Officers recognise that the threats to their companies are real and increasing.

Most of the employees participate in the company Share Incentive Plan, through which they received a dividend during the year.

TPS Investment Holdings Limited (trading as Total Pipeline Solutions)

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 EO 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 company is currently seeking to establish a third distribution depot in the Cork area.

Sustainability Report

Environmental, Social and Governance (ESG) factors

The focus on ESG factors in business is increasing and EO businesses are no exception to this scrutiny. As the recent Knowledge Programme – People Powered Growth Report, commissioned and released by the EOA shows from the interviews undertaken, employee ownership is closely aligned with and helps drive a high standard of ethical business practice.

In many cases, the transition to an EOB resulted in a strengthening of commitment to sustainability and social matters. EO business leaders recognise that running a business ethically and with a focus on ESG factors is good business. It also helps to attract and retain staff.

One of the characteristics of a well run EOB is the voice given to employees and this will become manifest through the company doing more and sooner on sustainability. This voice is often stronger amongst younger "Gen Z and millennial" employees, who are pressuring businesses to take action on climate change, as their generation is most likely to be affected in future.

The Evidence

The Knowledge Programme report provides us with significant tangible evidence. All comparisons are against a control group of non-EOBs.

Social factors

- EOBs invest more in employee health and wellbeing. 48% of EOBs offer access to private healthcare vs 34%. They also offer significantly more (74% vs 34%) access to mental health resources.
- Quality of life. EOBs offer greater flexibility in contracted hours (61% vs 36%), remote working (84% vs 47%) and support for sabbaticals and career breaks (47% vs 16%).
- Rewarding employees. They are more likely to provide cost of living support, for example salary sacrifice schemes and dividends or bonuses are more than twice as large in EOBs.
- Employee happiness. 83% of those surveyed reported increased employee engagement and motivation since becoming an EOB and 73% reported an increase in job satisfaction.

Environmental and sustainability factors

- EOBs are more likely to have a Net Zero or carbon management strategy in place (54%) than non-EOBs (30%).
- EOBs are also more likely to have "environmental sustainability" accreditation (35%) than non-EOBs (16%). Such accreditation includes Planet Mark, B Corp, and ISO Standards.

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

Sustainability Report (Continued)

ESG focus	
ENVIRONMENTAL	
Climate change: C4C	Carbon and environmental footprint reduction. • The investees who make up the C4C portfolio are located throughout the UK and Ireland. The global pandemic greatly accelerated the use of video communications, however some travel is inevitable. Employees are encouraged to use public transport if possible/ practical. • C4C has introduced a scheme to enable employees to own Electrical or Plug-in hybrid electrical vehicles (EVs or PHEVs). • C4C has a small main office, occupied by two people only, with the majority of staff working from home. Minimising waste and practicing “reduce/reuse/recycle” is actively encouraged wherever possible.
Climate change: Investees	• We have investments across a wide range of business sectors in our investment portfolio. All of our investees are aware of the importance of the ESG agenda and are focused on reducing their carbon footprint and environmental impact. • For example, the NSBRC is in negotiations with its landlord to install roof top solar PV and P2P logistics continues to move to a more fuel efficient transport fleet.
SOCIAL – SOCIETY AND COMMUNITY	
C4C	• As an equal opportunities employer, we are committed to creating and ensuring a non-discriminatory and respectful working environment for our staff. • Rightly so, diversity and inclusion continues to be an item with board attention. Currently a third of our employees are women. • 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 for our staff.

Sustainability Report (Continued)

C4C culture	C4C has values based on: • 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 confidentially with our investees' sensitive information. • We are inclusive not exclusive.
Investees	• 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, applying the QCA code wherever practical.
Investees	All of C4C's investees exhibit the following governance characteristics: • Regular board meetings are held, monthly or quarterly. • Meaningful employee share ownership • Where an EOT has been established, a corporate trustee is in place to manage the EOT, usually with three Directors – a company executive, an independent and employee elected representative. • The EOT & company board hold periodic meetings.

Strategic Report

The Directors present their Strategic Report for the year ended 31 August 2023.

Principal Activities

The Group is an investment group focused on the employee-owned business sector. The Group 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. Capital for Colleagues plc (the Holding Company) holds 100% of the share capital of both MI Accounting Solutions Limited (a trading company) acquired during the year and C4C Ownership Partners Limited (a dormant company).

Risks And Uncertainties

The Group'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 Group 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 Group 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 Group believes that it has sufficient expertise to select appropriate investments.

Market risk

In the case of investments made in quoted EOBs, the Group is subject to the risk associated with being exposed to the stock market in general. The Group 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 Group'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 Group's practice to monitor progress on an ongoing basis.

Key Performance Indicators

The Chief Executive's statement and Business Review within these financial statements, together provide detail in terms of the Group'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 Group.

Business Review

The Group's core investment focus is on private EOBs and to this end the Group ended the period with a portfolio of 14 (2022: 13) unquoted EOBs with the Group's investments (including short-term loans) being valued at £13.50m. 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 £0.89m was consistent with the prior year (2022: £0.49m), with an increasing amount of income derived from management fees and dividends receivable (see note 4).

At £1.80m, net fair value gains were higher than last year's figure of £1.54m due to specific transactions completed during the year. The impairment charge for loan receivables during the year was £0.02m (2022: Nil)

The group reported a profit of £1.71m (2022: £1.35m) this year, which produced basic and fully diluted earnings of 9.26p (2022: 7.68p) per Ordinary share.

The net asset base of the group increased from £13.77m in 2022 to £15.16m. The NAV per share was 81.99p (2022: 74.49p) and the cash flow statement reflects an active and positive year.

At the end of the year, the Group's portfolio of unquoted investments (excluding loans) was valued at £11.07m (2022: £8.55m) and comprised 14 companies operating across a range of sectors which generated total turnover of around £46.2m per annum and supported approximately 335 jobs. We measure our success by an increasing NAV per share.

The directors propose to pay a dividend for the year under review of 2.00p per share. (2022: 1.75p) as disclosed in note 10.

The Group did not hold any publicly traded investments at 31 August 2023 (2022: £nil).

Unquoted Investments

The loans and investments made by the Group 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 2023, the Group's portfolio of loans and investments was valued at £13.50m (2022: £9.76m) and comprised the following:

	2023 £'000	2022 £'000
Investments	11,070	8,548
Long term loans	799	608
Total investments and long term loans	**11,869**	**9,156**
Short term loans	1,631	597
Other loans advanced	-	2
Total unquoted investment portfolio	**13,500**	**9,755**

As at 31 August 2023, the Group's portfolio of unquoted investments valued at £11.87m (2022: £9.16m) (excluding short term loans) comprised 14 (2022: 13) 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 2023 the portfolio excluding short term loans comprised 14 (2022: 13) companies operating across a range of sectors as shown in the table below:

INDUSTRIALS		2023 % of Portfolio	2022 % of Portfolio
Construction and Materials	Carpenter Oak Group Limited (formerly Employee Owners Group Limited) Ecomerchant Natural Building Materials Limited TPS Investment Holdings Limited		
Industrial Transportation	Place 2 Place Logistics Limited		
Support Services	Flow Control Company Limited Hire and Supplies Limited The Security Awareness Group Limited		
Engineering	Morris Commercial Limited		
TOTAL INDUSTRIALS: value: £5,343k (2022: £3,618k)		**45.02%**	**39.51%**
MEDIA			
Exhibition Centres	The Homebuilding Centre (Holdings) Limited (trading as The National Self Build & Renovation Centre)		
TOTAL MEDIA: value: £525k (2022: £466k)		**4.43%**	**5.09%**
TECHNOLOGY			
Software & Computer Services	Bright Ascension Limited Computer Application Services Limited Craft Prospect Limited EO MPS Holdings Limited (formerly 2C Services Limited)		
TOTAL TECHNOLOGY: value: £5,653k (2022: £4,818k)		**47.62%**	**52.62%**
LEISURE & TRAVEL			
Recreational Services	The Real Outdoor Xperience Limited (formerly South Cerney Outdoor Limited)		
TOTAL LEISURE & TRAVEL: value : £348k (2022: £254k)		**2.93%**	**2.78%**
TOTAL UNQUOTED PORTFOLIO Value 2023: £11,869k (2022: £9,156k)		**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 group's employees;
- Need to foster the group's relationships with suppliers, customers, regulators and others;
- Impact of the group'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 group.

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

Capital for Colleagues PLC 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 Group 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 Group 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 17 January 2024 and signed on its behalf by:

Alistair Currie
Chief Executive Officer

Directors’ Remuneration Report

The Directors present the Directors’ Remuneration report for the year ended 31 August 2023.

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.

The 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 SIP. Annual bonuses are also payable to executive directors 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. No other remuneration or compensation was paid or payable by the Group during the period to any of the Directors. There will be no payment for loss of office unless approved by a separate shareholder resolution. No loss of office payments have been made.

Major decisions on Remuneration

The policy is that the salaries payable to each Director should reflect the time spent by the Directors on the Group’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.

None of the Directors are entitled to compensation payable upon early termination of their arrangements other than in respect of any unexpired notice period.

Directors’ remuneration

	2023 Salaries £’000	2023 Bonuses £’000	2023 Pension payments £’000	2023 Share - based payments £’000	2023 Total £’000	2022 Total £’000
Executive-Directors						
Alistair Currie	115	47	-	7	169	114
John Lewis	86	33	14	7	140	96
Non-Executive Directors						
Richard Bailey	25	-	-	-	25	22
Bill Ainscough*	20	-	-	-	20	-
Ed Jenkins	20	-	-	-	20	18
Deb Oxley (appointed 1 May 2023)	7	-	-	-	7	-
Richard Sloss	20	-	-	-	20	18
Total	**293**	**80**	**14**	**14**	**401**	**268**

* Bill Ainscough kindly waived his salary as a Non-Executive Director in 2022

Directors’ Remuneration Report (Continued)

Directors’ interests in shares

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

	At 31 August 2023		At 31 August 2022	
	No. of ordinary shares	Percentage (%)	No. of ordinary shares	Percentage (%)
Bill Ainscough	2,489,588	13.47	1,848,400	9.99
Alistair Currie	733,818	3.97	698,645	3.78
John Lewis	333,089	1.80	303,913	1.64
Richard Bailey	201,335	1.09	191,182	1.03
Ed Jenkins	136,131	0.74	119,824	0.65
Richard Sloss	111,775	0.60	111,775	0.60
Deb Oxley	NIL	NIL	N/A	N/A

Directors’ service contracts

The 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.

Consideration of Shareholder views

No comments have been received from shareholders during the year in respect of the directors’ remuneration policy.

Company Performance

The Board is responsible for the Group’s business strategy and performance.

The Statement of Directors’ responsibilities on page 26 form part of the Directors’ report to the group financial statements

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

Richard Bailey

Richard Bailey
Chairman

Date: 17 January 2024

Directors' Report

The Directors present their report for the year ended 31 August 2023.

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. During the previous 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 Group are set out in the Strategic Report on page 17 to 20.

Results For The Year

The results for the year are set out in the consolidated statement of comprehensive income on page 33.

Dividend

The directors propose to pay a dividend for the year of 2.00p per share (2022: 1.75p). See note 10.

Going Concern

As required by IFRS accounting standards, the directors have prepared the financial statements on the basis that the Group and Company is a going concern. Further information of this assessment is included within the accounting policies.

Directors

The Directors who served during the year were as follows:

Richard Bailey (Chairman)
Bill Ainscough
Alistair Currie
Ed Jenkins
John Lewis
Deb Oxley appointed on 1 May 2023
Richard Sloss

Substantial Shareholdings

Substantial shareholdings in the Company (excluding those of the Directors) are shown in the table below. All directors' shareholdings are disclosed within the Directors' Remuneration Report.

	At 31 August 2023		At 31 August 2022	
	No. of ordinary shares	Percentage (%)	No. of ordinary shares	Percentage (%)
Castlefield Investment Partners LLP	7,743,342	41.87	1,165,651	6.30
Liontrust Investment Partners Limited	1,847,423	9.99	1,847,423	9.99
TJ Morris Limited	1,847,000	9.99	1,847,000	9.99

Directors' Report (Continued)

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 and Remuneration and Nominations and is committed to developing further policies and procedures which reflect the principles of good governance.

The Group 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 Group. These controls will continue to be reviewed as the Group develops and will be revised accordingly.

Board Composition and Board Committees:	
C4C has a Board of seven (2022: six) people as below:	
Non-Executive Chair:	Richard Bailey
Non-Executive Directors:	Bill Ainscough, Ed Jenkins, Deb Oxley & Richard Sloss
Executive Directors:	Alistair Currie & John Lewis

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

Audit Committee	
Chair:	Ed Jenkins
Members:	Richard Bailey, Deb Oxley & Richard Sloss
Financial Expert:	Richard Bailey

Remuneration and Nominations Committee	
Chair:	Richard Bailey
Members:	Ed Jenkins, Deb Oxley & Richard Sloss

Directors' Report (Continued)

Employees

The Group 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 Group 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 group and company's 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 issue by the Board of Directors and is signed on its behalf by:

Alistair Currie
Chief Executive Officer

Date: 17 January 2024

Statement Of Directors' Responsibiltiies

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 financial statements in accordance with the UK adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state affairs of the group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with 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') and its subsidiaries (the 'Group') for the year ended 31 August 2023 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated cash flow statement, the company 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 group and parent company's affairs as at 31 August 2023 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 group and parent 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 Group and 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 group or parent 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 2023 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
Valuation of unlisted investments held at fair value by the group We focused on the valuation of investments held at fair value as these valuations are material, complex and include estimates and significant judgements. The valuation of unlisted investments held at fair value is determined by management and the Directors in accordance with the International Private Equity and Venture Capital Guidelines based on the nature of the underlying business which has been invested in. The methods used include: • Amortised cost; • Applying a multiple to earnings and revenue; • Using net assets; and • Using recent external valuation prices and recent offers. Unlisted investments are included in the financial statements at a fair value of £11.070m (2022: £8.548m)	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. We have: • Assessed the validity of valuation models that applied comparable quoted company earnings and revenue multiples by assessing the appropriateness of the adjustments made to reflect the differences between the quoted company and the investee company, and checking earnings and revenue data from audited financial statements, and unaudited management accounts for the investee entities; • Obtained satisfactory explanations after challenging the assumptions made by management in the applicable valuation models; • Tested the mathematical accuracy and integrity of the valuation models. This, together with our review of information on the investee entities enabled us to challenge the appropriateness of the methodology and key inputs used, and the valuations themselves. We found that management’s valuations of unlisted investments were materially supported by the available evidence, and in particular, the assumptions were appropriate and free from management bias.

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

Key Audit Matter	How our audit addressed the key audit matter
Impairment of loan receivables We focused on the Directors’ impairment review of loan receivables as the amounts are material and include significant judgements. The impairment review of loan receivables is determined by the Directors based upon their assessment of each company’s ability to repay each loan. An impairment provision of £0.150m (2022: £0.133m) is included within the financial statements.	Our procedures included critically assessing the key assumptions made by the Directors in determining the recoverability of the loans at the reporting date. We have: • Agreed the existence of the loan receivables to supporting documentation including investment agreements. • Agreed additions and disposals in the year to supporting investment agreements and traced a sample of cash payments and receipts to bank statements in the year and post year end where applicable. • Obtained direct confirmation of the year end loan balances through 3rd party circularisation. • Performed predictive analytical procedures to ascertain expected loan interest receivable and compared this to the amounts recognised 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. We found that the final impairment of loan receivables was materially supported by available evidence and explanations.

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 (2022: £278,000) which represents approximately 1.75% (2022: 2%) of gross assets. Gross assets are considered a suitable benchmark as the Group is an investment group 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, related party transactions and certain profit and loss account transactions.

We determined the threshold at which we will communicate misstatements to the Audit Committee to be £14,000 (2022: £14,000) 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 group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors’ responsibilities statement set out on page 26, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the financial statements

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

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 group and parent 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 group and parent 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 group and parent 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 Parent Company on 12 June 2020. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is four years.

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

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

Use of our report

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

Beever & Struthers

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

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

Date: 17 January 2024

Consolidated Statement Of Comprehensive Income

	Note	2023 £'000	2022 £'000
Revenue	4	887	492
Fair value gain / (loss) on investments	7	1,802	1,537
Total income from investing activities		2,689	2,029
Administrative expenses		(978)	(675)
Impairment of loan receivables	13	(17)	-
OPERATING PROFIT		1,694	1,354
Finance income		18	1
Profit for the year before tax		1,712	1,355
Tax credit / (charge)	8	-	-
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		1,712	1,355
Earnings per share attributable to the ordinary equity shareholders			
Basic and diluted	9	9.26p	7.68p

All the activities of the group are from continuing operations.

The notes on pages 40 to 58 form part of these financial statements.

Consolidated Statement Of Financial Position

Company Number: 08717989

	Notes	2023 £'000	2022 £'000
NON-CURRENT ASSETS			
Intangible fixed assets	**11**	110	2
Tangible fixed assets	**11**	2	1
Investments	**12**	11,070	8,548
Loan receivables	**13**	799	608
TOTAL NON-CURRENT ASSETS		11,981	9,159
CURRENT ASSETS			
Loan receivables	**13**	1,631	597
Trade and other receivables	**14**	284	242
Cash and cash equivalents		1,986	3,939
TOTAL CURRENT ASSETS		3,901	4,778
TOTAL ASSETS		15,882	13,937
CURRENT LIABILITIES			
Trade and other payables	**15**	(720)	(163)
NON-CURRENT LIABILITIES			
Provisions for liabilities	**17**	-	-
TOTAL LIABILITIES		(720)	(163)
NET ASSETS		15,162	13,774
CAPITAL AND RESERVES			
Called up share capital	**18**	7,397	7,397
Share premium	**20**	1,810	1,810
Retained earnings	**20**	5,955	4,567
TOTAL EQUITY		15,162	13,774

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

17 January 2024
The notes on pages 40 to 58 form part of these financial statements.

Company Statement Of Financial Position

Company Number: 08717989

	Notes	2023 £'000	2022 £'000
NON-CURRENT ASSETS			
Intangible fixed assets	**11**	-	2
Tangible fixed assets	**11**	1	1
Investments	**12**	11,372	8,548
Loan receivables	**13**	799	608
TOTAL NON-CURRENT ASSETS		12,172	9,159
CURRENT ASSETS			
Loan receivables	**13**	1,631	597
Trade and other receivables	**14**	224	242
Cash and cash equivalents		1,959	3,939
TOTAL CURRENT ASSETS		3,814	4,778
TOTAL ASSETS		15,986	13,937
CURRENT LIABILITIES			
Trade and other payables	**15**	(846)	(163)
NON-CURRENT LIABILITIES			
Provisions for liabilities	**17**	-	-
TOTAL LIABILITIES		(846)	(163)
NET ASSETS		15,140	13,774
CAPITAL AND RESERVES			
Called up share capital	**18**	7,397	7,397
Share premium	**20**	1,810	1,810
Retained earnings	**20**	5,933	4,567
TOTAL EQUITY		15,140	13,774

The profit for the financial year of the parent company was £1,690k (2022: £1,355k)

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

17 January 2024
The notes on pages 40 to 58 form part of these financial statements.

Consolidated Statement Of Changes In Equity

	Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Total £'000
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
Share Issue	-	-	-	-
Profit for the year	-	-	1,712	1,712
Dividends Paid	-	-	(324)	(324)
Balance at 31 August 2023	7,397	1,810	5,955	15,162

The notes on pages 40 to 58 form part of these financial statements.

Company Statement Of Changes In Equity

	Share Capital £'000	Share Premium Account £'000	Retained Earnings £'000	Total £'000
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
Share Issue	-	-	-	-
Profit for the year	-	-	1,690	1,690
Dividends Paid	-	-	(324)	(324)
Balance at 31 August 2023	7,397	1,810	5,933	15,140

The notes on pages 40 to 58 form part of these financial statements.

Consolidated Cash Flow Statement

	2023 £'000	2022 £'000
Cash flows from operating activities		
Profit after tax	1,712	1,355
Adjustments for:		
Depreciation and amortisation	4	3
Loan Impairment	17	-
Bank interest (receivable)/payable	(18)	(1)
Interest income on loans	(211)	(151)
Dividend income	(205)	(141)
Taxation charge	-	-
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	99	-
Increase/(Decrease) in trade and other payables	25	63
Fair value (gains) on investments	(1,802)	(1,537)
Cash generated from operations	(379)	(409)
Bank interest received/(paid)	18	1
Tax refund	-	-
Net cash used in operating activities	(361)	(408)
Cash flows from investing activities		
Payments to acquire tangible & intangible fixed assets	(3)	-
Payments to acquire a subsidiary	(192)	-
Payments to acquire investments	(2,751)	(501)
Proceeds from the disposal of investments	2,531	1,310
Dividends received	238	108
Loans advanced	(2,211)	(625)
Repayment of loans from loan receivables	969	339
Interest receipts from loan receivables	151	154
Net cash generated in investing activities	(1,268)	785
Cash flows from financing activities		
Dividends paid	(324)	(277)
Proceeds from share issues	-	1,932
Net cash generated from financing activities	(324)	1,655
Net cash inflow for the year	(1,953)	2,032
Cash and cash equivalents at start of year	3,939	1,907
Cash and cash equivalents at the end of the year	**1,986**	**3,939**

The group does not have any debt.

The notes on pages 40 to 58 form part of these financial statements.

Company Cash Flow Statement

	2023 £'000	2022 £'000
Cash flows from operating activities		
Profit after tax	1,690	1,355
Adjustments for:		
Depreciation and amortisation	2	3
Loan impairment	17	-
Bank interest (receivable)/payable	(18)	(1)
Interest income on loans	(211)	(151)
Dividend income	(205)	(141)
Taxation charge	-	-
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	45	-
Increase/(Decrease) in trade and other payables	26	63
Increase/(Decrease) in group balances	157	-
Fair value (gains) on investments	(1,802)	(1,537)
Cash generated from operations	(299)	(409)
Bank interest received/(paid)	18	1
Tax refund	-	-
Net cash used in operating activities	(281)	(408)
Cash flows from investing activities		
Payments to acquire tangible fixed assets	-	-
Payments to acquire a subsidiary	(302)	-
Payments to acquire investments	(2,751)	(501)
Proceeds from the disposal of investments	2,531	1,310
Dividends received	238	108
Loans advanced	(2,211)	(625)
Repayment of loans from loan receivables	969	339
Interest receipts from loan receivables	151	154
Net cash generated in investing activities	(1,375)	785
Cash flows from financing activities		
Dividends paid	(324)	(277)
Proceeds from share issues	-	1,932
Net cash generated from financing activities	(324)	1,655
Net cash inflow for the year	(1,980)	2,032
Cash and cash equivalents at start of year	3,939	1,907
Cash and cash equivalents at the end of the year	**1,959**	**3,939**

The company does not have any debt.

The notes on pages 40 to 58 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 17 to 20.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The financial statements of the group and parent company have been prepared in accordance with UK adopted International Accounting Standards and the Companies Act 2006.

b) Basis of preparation

The financial statements are prepared on an 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 Group'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 group's cash flow, the group 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 group and parent company have adequate resources to continue in operational existence for the foreseeable future.

The financial statements do not contain any adjustments that would be required if the group or parent company was unable to continue as a going concern.

d) Basis of consolidation

The consolidated financial statements incorporate those of Capital for Colleagues Plc and all its subsidiary undertakings. The results of subsidiaries acquired or disposed of during the year are included from the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

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.

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Basis of consolidation (continued)

Consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

e) New accounting standards, amendments and interpretation of existing standards (separately or together "new accounting requirements"), effective from 1 January 2022.

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

- Annual improvements to IFRS standards 2018-2020
- IAS16 – Property, Plant and Equipment – Proceeds before intended use
- IAS37 – Onerous Contracts – Cost of fulfilling a Contract

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 Group (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:
Effective for periods commencing 1 January 2023

- IFRS17 "Insurance Contracts"
- IAS1 (amendment) – disclosure of accounting policies
- IAS8 (amendment) – definition of accounting estimates
- IAS12 (amendment) -deferred Tax clarification of initial recognition exception

Effective for periods commencing 1 January 2024

- IAS1 (amendment) – Classification of Liabilities as Current or Non-current
- IAS1 (amendment) – Classification of Non-current liabilities with covenants
- IFS16 (amendment) -Lease liability in a sale and leaseback
- IAS7 & IFRS17 (amendment) – Supplier finance arrangements

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

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Goodwill has an indefinite life and is assessed for impairment annually. Impairment is determined by allocating goodwill to cash generating units that are expected to benefit from the business combination. An impairment provision is made where, in the opinion of directors the estimated future value of the income stream is lower than the stated value of goodwill. Impairment losses relating to goodwill cannot be reversed in future periods.

i) 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

j) Investment in shares

Investments in unlisted company shares, which have been classified as fixed asset investments as the Group intends to hold them on a continuing basis, are measured at fair value with changes in fair value being recorded through profit or loss at each balance sheet date.

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.

k) Financial instruments

The Group 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 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 derecognition in accordance with IFRS 9 'Financial Instruments: Recognition and measurement'.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs and subsequently amortised cost. Financial liabilities include trade and other payables and loans and borrowings payable.

Non-derivative financial instruments

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

Notes To The Financial Statements (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) 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.

m) 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 related expense is recognised at the date of issue of the shares.

n) Taxation

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

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to makes certain estimates and assumptions regarding the future. It also requires management to exercise judgment in applying the accounting policies. 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) <u>Critical accounting estimates</u>

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

A loss allowance ("impairment") is recognised 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.

Notes To The Financial Statements (Continued)

b) <u>Critical accounting judgements (apart from those involving estimations)</u>

i) Going Concern

Significant judgement is required in the 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.

4. REVENUE	**2023 £'000**	**2022 £'000**
An analysis of the revenue is as follows:		
Management fees	182	131
Arrangement & Advisory fees & other income	289	69
Interest income	211	151
Dividend income	205	141
	887	492

All revenue arose within the United Kingdom.

5. PROFIT FROM OPERATIONS	**2023 £'000**	**2022 £'000**
Profit from operations has been arrived at after charging:		
Amortisation and depreciation	4	3
Operating lease expense - property	12	6
Auditor's remuneration:		
Fees payable for audit of the financial statements	31	24

Notes To The Financial Statements (Continued)

6. STAFF COSTS

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

	2023 Number	2022 Number
All employees (including Directors)	13	10

	2023 £'000	2022 £'000
The aggregate remuneration comprised:		
Wages and salaries	470	342
Bonus	163	63
Social security and taxes	62	34
Pension plan	35	23
Share-based payments (note 19)	37	26
	767	488

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

Directors' emoluments	2023 £'000	2022 £'000
The aggregate remuneration comprised:		
Wages and salaries	293	214
Bonus	80	33
Pension costs	14	7
Share-based payments	14	14
	401	268

One (2022: one) director accrued benefits under the defined contribution pension plan.

Emoluments of the highest paid director:	2023 £'000	2022 £'000
Wages and salaries	115	89
Bonus	47	18
Pension costs	-	-
Share-based payments (note 19)	7	7
Total	169	114

Notes To The Financial Statements (Continued)

7. FAIR VALUE GAIN/(LOSS) ON INVESTMENTS

The fair value gain/(loss) on investments represents the net movement of the unlisted investment valuations during the year which are recognised through profit and loss.

8. INCOME TAX EXPENSE

	2023 £'000	2022 £'000
Current tax:		
Charge for the year	-	-
Adjustment in respect of prior periods	-	-
Deferred tax:		
Charge for year	-	-
Adjustment in respect of prior periods	-	-
Total tax	-	-

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

	2023 £'000	2022 £'000
Profit before taxation	1,712	1,355
Expected tax charge on profit before tax at 19%/25% (2022: 19%)	326	257
Effects of:		
Expenses not deductible for tax purposes	2	3
Income not taxable	(343)	(292)
Exempt dividend income	(39)	(27)
Adjustments in respect of previous period	-	-
Unutilised tax losses	54	59
Current and deferred tax (credit)/charge	-	-

The Group has carried forward trading losses of £2.291m. A deferred tax asset has not been recognised in respect of these losses.

Notes To The Financial Statements (Continued)

9. EARNINGS PER SHARE

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

	2023 £'000	2022 £'000
Earnings: Earnings for the purpose of basic earnings per share: net profit for the year attributable to equity holders of the group	1,712	1,355
Number of shares: Weighted average number of ordinary shares including dilutive warrants	18,492,279	17,656,570

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

10. DIVIDENDS

	2023 £'000	2022 £'000
Dividends paid during the year (excluding those where a liability existed in the prior year): 1.75p per share (2022: 1.50p per share)	324	277

	2023 £'000	2022 £'000
Dividends proposed after the year end (and not recognised as a liability) 2.00p per share (2022: 1.75p per share)	370	324

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)
GROUP

	Goodwill £'000	Website £'000	TOTAL Intangible £'000	Equipment £'000	TOTAL Tangible £'000
COST					
At 1 September 2022	-	7	7	3	3
Additions	110	-	110	3	3
At 31 August 2023	110	7	117	6	6
IMPAIRMENT/AMORTISATION / DEPRECIATION					
At 1 September 2022	-	5	5	2	2
Charge for year	-	2	2	2	2
At 31 August 2023	-	7	7	4	4
CARRYING VALUE					
At 31 August 2023	110	-	110	2	2
At 31 August 2022	-	2	2	1	1

11. NON-CURRENT FIXED ASSETS (Intangible & Tangible) (continued)
COMPANY

	Goodwill £'000	Website £'000	TOTAL Intangible £'000	Equipment £'000	TOTAL Tangible £'000
COST					
At 1 September 2022	-	7	7	3	3
Additions	-	-	-	-	-
At 31 August 2023	-	7	7	3	3
AMORTISATION / DEPRECIATION					
At 1 September 2022	-	5	5	2	2
Charge for year	-	2	2	-	-
At 31 August 2023	-	7	7	2	2
CARRYING VALUE					
At 31 August 2023	-	-	-	1	1
At 31 August 2022	-	2	2	1	1

Notes To The Financial Statements (Continued)

12. INVESTMENTS
GROUP

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total unlisted Investments £'000
At 1 September 2022	-	-	8,548	8,548
Disposals	-	-	(2,531)	(2,531)
Additions	-	-	3,251	3,251
Fair value gain/(loss)	-	-	1,802	1,802
At 31 August 2023	-	-	11,070	11,070

COMPANY

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total unlisted Investments £'000	Shares in subsidiaries £'000	Total Investments £'000
At 1 September 2022	-	-	8,548	8,548	-	8,548
Disposals	-	-	(2,531)	(2,531)	-	(2,531)
Additions	-	-	3,251	3,251	302	3,553
Fair value gain/(loss)	-	-	1,802	1,802	-	1,802
At 31 August 2023	-	-	11,070	11,070	302	11,372

Notes To The Financial Statements (Continued)

12. INVESTMENTS (continued)

Group and Company unlisted 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 prices 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.

Group and Company investments include an amount of £0.5m which reflects the additional amount committed by the company as part of the investment in Morris Commercial Limited. Whilst this amount is technically only due & payable upon the successful occurrence of certain events, other investment conditions are such that the company has primary influence over the payment & timing thereof. Were this transaction not to be treated in this manner, both investments & creditors would be reduced by £0.5m, with no effect on the result for the year.

Subsidiaries
The company holds 100% of the issued share capital in C4C Ownership Partners Limited. The company is dormant and is registered at the same address as the parent company.

During the year, the company acquired 100% of the issued share capital in MI Accountancy Solutions Limited. The company's principal activity is book keeping activities. Its registered address is 1st Floor Offices, 2 Whitebridge Lane, Stone, ST15 8LQ.

13. LOAN RECEIVABLES

	GROUP		COMPANY	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
At 1 September 2022	1,205	919	1,205	919
Loan additions in the year	2,211	625	2,211	625
Loan repayments in the year	(969)	(339)	(969)	(339)
Provision in the year	(17)	-	(17)	-
At 31 August 2023	2,430	1,205	2,430	1,205
Amounts due within one year	1,631	597	1,631	597
Amounts due between one year and five years	100	608	100	608
Amounts due after five years	699	-	699	-
Total	2,430	1,205	2,430	1,205

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 (2022: £NIL). The expected credit loss provision recognised at the year-end date in respect of loans is £150,000 (2022: £133,000).

Notes To The Financial Statements (Continued)

14. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Deferred consideration	115	170	115	170
Trade receivables	88	12	32	12
Prepayments and accrued income	81	58	77	58
Other receivables	-	2	-	2
	284	242	224	242

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 (2022: £NIL) have been recognised in the year ended 31 August 2023.

Included within the deferred consideration debtor is £60,000 (2022: £115,000) which is due in more than one year.

15. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Due to Group companies	-	-	157	-
Trade payables	7	7	6	7
VAT and social security payable	40	17	33	17
Other payable	673	139	650	139
	720	163	846	163

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 to their fair value.

As described in note 12, other payables include £0.5m which reflects additional amounts committed by the company as part of the investment in Morris Commercial Limited.

Notes To The Financial Statements (Continued)

16. FINANCIAL INSTRUMENTS

Credit risk

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

i) Risk management

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

ii) Security

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

iii) Impairment of financial assets

The group has two types of financial assets that are subject to the expected credit loss model:
- Trade receivables.
- Loan receivables.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The group 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 group has made a provision of £NIL (2022: £NIL) against its accrued income and £150,000 (2022: £133,000) against its loans receivable.

Classification of financial instruments

The following tables analyse 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.

Notes To The Financial Statements (Continued)

GROUP

	Note	Financial Instruments held at: Fair value £'000	Amortised cost £'000	Total £'000
At 31 August 2023				
Financial assets				
Investments	12	11,070	-	11,070
Loan receivables	13	-	2,430	2,430
Trade and other receivables	14	-	265	265
Cash and cash equivalents		-	1,986	1,986
		11,070	4,681	15,751
Financial liabilities				
Trade payables and other payables	15	-	680	680

	Note	Financial Instruments held at: 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)

16. FINANCIAL INSTRUMENTS (continued)

COMPANY

	Note	Fair value £'000	Amortised cost £'000	Total £'000
		Financial Instruments held at:		
At 31 August 2023				
Financial assets				
Investments	12	11,070	302	11,372
Loan receivables	13	-	2,430	2,430
Trade and other receivables	14	-	209	209
Cash and cash equivalents		-	1,959	1,959
		11,070	4,900	15,970
Financial liabilities				
Trade payables and other payables	15	-	813	813

	Note	Fair value £'000	Amortised cost £'000	Total £'000
		Financial Instruments held at:		
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)

Net gains and losses by financial instrument category:

GROUP

	Interest income £'000	Dividend income £'000	Fair value gain / (loss) £'000	Impairment £'000
At 31 August 2023				
Financial assets at fair value through profit or loss	-	205	1,802	-
Financial assets at amortised cost	211	-	-	(17)
Financial liabilities at amortised cost	-	-	-	-
At 31 August 2023	211	205	1,802	(17)

	Interest income £'000	Dividend income £'000	Fair value gain / (loss) £'000	Impairment £'000
At 31 August 2022				
Financial assets at fair value through profit or loss	-	141	1,537	-
Financial assets at amortised cost	151	-	-	-
Financial liabilities at amortised cost	-	-	-	-
At 31 August 2022	151	141	1,537	-

Notes To The Financial Statements (Continued)

17. PROVISION FOR LIABILITIES AND CHARGES

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Deferred tax provisions	-	-	-	-
The movements during the year were as follows:				
At 1 September 2022	-	-	-	-
Credited/(charged) for the year	-	-	-	-
At 31 August 2023	-	-	-	-

18. SHARE CAPITAL

	2023 Number	2023 £'000	2022 Number	2022 £'000
Issued and fully paid:				
Ordinary shares of 40p each	18,492,279	7,397	18,492,279	7,397

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

19. SHARE BASED PAYMENTS

The parent 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 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 Company's shares as traded on AQUIS Growth Market, on the final day of the 3 month accumulation period.

The share-based remuneration expense comprises:

	2023 £'000	2022 £'000
Cash settled scheme (SIP)	37	26

There was NIL liability outstanding at the year-end (2022: NIL)

Notes To The Financial Statements (Continued)

20. RESERVES

The share premium reserve records the amount received above the nominal value for shares sold.
The retained earnings reserve records retained earnings and accumulated losses.

21. CONTINGENT LIABILITIES

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

	GROUP		COMPANY	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Provision of third-party guarantee in relation to sales invoice facilities	800	650	800	650

22. RELATED PARTY TRANSACTIONS

The nature of the business is such that C4C invests in existing and aspiring EOBs to help them become profitable, sustainable businesses, underpinned by a practice and belief in employee ownership. As a result, the Company and Group holds equity investments in, and advances loans to, the companies listed below:

- Bright Ascension Limited
- Carpenter Oak Group Limited (formerly Employee Owners Group Limited)
- Computer Application Services Limited
- Craft Prospect Limited
- Ecomerchant Natural Building Materials Limited
- EO MPS Holdings Limited (formerly 2C Services Limited)
- Flow Control Company Limited
- Hire and Supplies Limited
- Morris Commercial Limited
- Place 2 Place Logistics Limited
- The Homebuilding Centre (Holdings) Limited (trading as The National Self Build & Renovation Centre)
- The Real Outdoor Xperience Limited
- The Security Awareness Group Limited
- TPS Investment Holdings Limited

These investment holdings and loan advances direct the revenue and fair value gains and losses reported in the statement of comprehensive income and balances reported in the balance sheet.

The nature of these agreements is that some fall into the definition of related parties due to common directorships with directors of C4C or significant shareholdings.

All transactions with investee parties are shown with the relevant notes to the accounts and are not repeated within this note.

Additionally, certain directors of C4C have personal investments in some of the investee companies.

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

Notes To The Financial Statements (Continued)

23. BUSINESS COMBINATIONS
MI Accountancy Solutions Limited

On 1 December 2022, C4C acquired 100% of 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 all EOBs, whilst at the same time strengthening relationships with existing investee companies.

The fair value of the consideration paid in relation to the acquisition of MI Accountancy Solutions Limited is as follows:

	£'000
Cash	292
Directly attributable costs	10
Consideration paid	302

The fair value of the amounts recognised at the acquisition date in relation to MI Accountancy Solutions Limited are as follows:

	£'000
Tangible assets acquired	1
Net current assets acquired	82
Cash and cash equivalents acquired	109
Identifiable net assets	192
Goodwill on acquisition	110
	302

MIA has contributed £191k of revenue and £32k of operating profit to the consolidated financial statements.

23. CONTROLLING PARTY

The Directors do not consider any shareholdings in the company give rise to any individual shareholder being able to control the company.

Notes

Notes

Capital for Colleagues

Advice Investment Growth

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