

**Octagonal plc**  
**(“Octagonal”, the “Group” or the “Company”)**

**ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020**

**DECLARATION OF DIVIDEND**

**PROPOSED CANCELLATION TO TRADING ON AIM**

The Company has today published its audited Report and Accounts for the year ended 31 March 2020, a copy of which will be posted to Shareholders and will be made available on the Company’s website, [www.octagonalplc.com](http://www.octagonalplc.com).

The Company has declared and will pay a dividend of 0.1 pence per ordinary share as per the timetable below:

- Ex-Dividend Date: 24 December 2020
- Record Date: 29 December 2020
- Payment Date: 12 January 2021

The Company also announces that it is taking advantage of the one-month extension granted by AIM Regulation to the deadline for publishing interim accounts and therefore will publish its interim accounts for the six months ended 30 September 2020 by 31 January 2021.

The Company also wishes to advise that it is finalising proposals to seek Shareholder’s approval to de-list the Company from AIM pursuant to AIM Rule 41 (the “Cancellation”). The Directors have conducted a review of the various benefits and drawbacks to the Company and its Shareholders in relation to retaining its listing on AIM. The Directors unanimously believe that a potential Cancellation is in the best interest of the Company and its Shareholders, and have considered the following key factors (amongst others) in reaching a decision:

- the regulatory burden, management time and considerable costs associated with maintaining admission of the Ordinary Shares to trading on AIM (including professional, legal, accounting, broker and nominated adviser costs and fees of the London Stock Exchange) are now disproportionate to the value provided by admission of the ordinary shares to trading on AIM;
- the supporting of the growth potential of the business through the re-focussing of management resources thereby providing long-term benefit to all stakeholders; and
- the Company does not foresee an immediate need to raise additional funds by utilising the equity capital markets and, therefore, there does not seem to be a compelling reason to maintain its status as an AIM traded company.

Therefore, the Company will shortly be posting a Circular to Shareholders seeking approval for the Cancellation along with certain other proposals and a further announcement will be made at that stage.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

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

Octagonal Plc  
John Gunn, Chairman

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Beaumont Cornish (Nominated Adviser and Broker) +44 (0) 20 7628 3396

James Biddle / Roland Cornish

## **CHAIRMAN'S STATEMENT**

### **YEAR TO 31 March 2020**

We are pleased to present the annual report and accounts for the year ended 31 March 2020.

It has been another challenging year for Octagonal Plc ("Octagonal" or the "Company") incorporating its wholly owned subsidiaries Global Investment Strategy UK Ltd ("GIS") and Global Investment Strategy HK Limited ("GIS HK") and majority owned subsidiary Synergis Capital Plc ("Synergis") ("the Group")

Some of the key highlights for the Group during the year:

- Group revenues up by 8.3% to £5.75m (2019: £5.31m),
- Core operating margin remained the same at 12.7% (\*2019: 12.7%)
- Core pre-tax profits decreased by 10% to £0.594m (\*2019: £0.660m)
- Cash balance £5.5m (2019: £5.5m)
- Declared and paid a dividend of 0.1pence per share, totalling £568,575, on 18 October 2019
- The Company declares a dividend of 0.1 pence per share payable to Shareholders on 12 January 2021

\* Prior year adjustments - see note 4 in the notes to the group financial statements

## **Business overview**

Our business's core focus is on providing global settlement and safe custody services to investors worldwide, priding ourselves on customer satisfaction through personalised service delivered by experienced industry individuals. Additionally, the business looks to leverage off its operational capabilities to increase its product offerings and services to new and existing clients.

Our business model has maintained its focus on driving profitability and longer-term shareholder value through several key areas:

- (i) growing revenues organically through seeking new clients and identifying and implementing new services to existing and new clients,
- (ii) improving margins through investing in technology, creating efficiencies and a drive to reduce operating costs.

During the last six months for the financial year, we have seen increased market volatility and uncertainty as a result of the impact of Covid-19. This has been the greatest challenge to the financial service industry since the financial crisis of 2008. During these periods of increased volatility, the board of GIS took steps to limit client exposure to riskier assets and strengthen our liquidity resources. The strategy in which we chose to navigate the period, given the conditions, is a testament to the strength of our business model. Our investments in technology has enabled us to continue to serve our clients around the world, with all employees working from home, offering clients a seamless 24-hour 5 day a week service from London, Mumbai and Hong Kong. I am proud of the hard work and conscientiousness of the team, with many facing personal challenges given the impact of the Covid-19 lockdown. Whilst largely relating to the pre-crisis period, the 2020 results demonstrate the stability of our business model and protection of our stakeholders' interests. Our balance sheet, capital and liquidity position remain strong and we remain well positioned to facilitate client activity during these uncertain times. For now, our focus remains on the welfare of our employees and the financial soundness of the business.

Discussions continue with the FCA as regards Synergis' activity.

We continue to undergo an evaluation process with our regulator, and we believe we've made good progress in demonstrating the businesses' robust processes and controls that are essential for intended specialist lending activity. In

light of the current challenging conditions within the lending sector, GIS will need to consider these conditions with the launch of Synergis delayed until we see normal market conditions restored.

GIS has, in the period, become a CREST participant and we will shortly launch our service offering in the UK to regulated entities and professional clients.

We have recently seen an increase in requests for our services from UK and European regulated entities, who are seeking to reduce their operational costs by engaging with GIS as their global settlement and custody partner. We are encouraged by this trend and we will be developing a modest advertising campaign over the year ahead to increase the awareness of our global service offering.

GIS HK is fully operational and has established an impressive network of Asia Pacific relationships to offer service to both its London based parent and regional clients. The HK office has contributed attributable income to its London parent, but we hope the year ahead will see it demonstrate its fiscal autonomy as a stand-alone entity, working in cooperation with its parent, but also servicing Asia based clients looking for a global service offering.

## **Financial review**

The 2020 financial results reflect geopolitical uncertainty in the current market that impacted volatility and market volumes. Against this backdrop of challenging externalities, the core business within the group delivered an increase in revenues by 8.3% to £5.75m (2019: £5.31m). However although there was a 10% decrease in profit before tax to £0.594m (2019: £0.660m), included in the current year, there were exceptional impairments on investments totalling £135,000.

The core business operating profit includes the consolidation of both Synergis and GIS HK administration costs totalling £574,000 for the period (2019: £590,000). Whilst the investments in both are seen as significant, the Board expects positive contributions from both within the next financial year and beyond.

Group cash reserves remained at £5.5m (2019: £5.5m) despite expenditure of the following: payment of a dividend to shareholders totalling £568,575, investment of £50,000 in Synergis and Investment of £310,000 in GIS HK. The cash resources represent more than adequate cash reserves for our current operations with Net Assets of £8.3 million (2019: £8.5 million).

We remain very optimistic that the measures we have put in place will see this business grow further this year and increase profitability.

## **Future Developments**

### **Global Investment Strategy UK Limited (GIS)**

GIS, delivered strong earnings for the half year as markets remained active through the summer months against traditional trends, and our balanced business model continued to deliver consistent returns. GIS reported unaudited revenues of £4.794m and profits of £2.082m for the 6 months to 30 September 2020. This was an increase of 42.7% in revenue and 41.2% in profit compared with the corresponding period last year (revenue of £3.359m and profits of £1.475m for the 6 months to 30 September 2019).

### **Synergis Capital Plc (Synergis)**

Discussions continue with the FCA as regards Synergis' activity and the business is undergoing an evaluation process with our regulator and we believe we've made good progress in demonstrating the business' robust processes and controls that are essential for intended specialist lending activity.

### **Global Investment Strategy HK Limited (GIS HK)**

Our HK subsidiary remains fully operational and continues to build on its network of Asia Pacific relationships to offer service to both its London based parent and regional clients. The HK office has contributed income to GIS, but we hope the year ahead will see it demonstrate its fiscal autonomy as a stand-alone entity, working in cooperation with its parent, but also servicing Asia based clients looking for a global service offering.

John Gunn  
**Chairman**

16 December 2020

# STRATEGIC REPORT

For the year ended 31 March 2020

The Directors present their strategic report for the Group for the year ended 31 March 2020.

## PRINCIPAL ACTIVITIES

The principal activity of Octagonal is as a Financial Services group through its subsidiary Global Investment Strategy UK Ltd ("GIS") which provides global settlement and safe custody services to investors, hedge funds, institutions, family offices and high net worth individuals, along with other ancillary services. GIS is the trading entity of the Group, authorised and regulated by the Financial Conduct Authority, and is a member of The London Stock Exchange.

Global Investment Strategy HK Ltd was granted from the Securities and Futures Commission of Hong Kong ("SFC") in 2019 that it has approval to carry on Type 1 regulated activity(ies) for professional clients under the Securities and Futures Ordinance (SFO). Type 1 regulated activity(ies) include the provision of dealing in securities, stock options, and bonds, but also includes the provision of other additional GIS core services such as safe custody and trade settlement. Synergis Capital plc, which it is intended will provide commercial asset backed lending, financed by an investment bond which will be issued in tranches and distributed by GIS.

## RESULTS AND DIVIDENDS

Group revenue from continuing operations during the year was £5.75million (2019: £5.31 million) resulting in a pre-tax profit of £594,000 (2019: £660,000 restated) a 10% decrease pre-tax profit. Attributable profit for the year after tax was £292 (2019: £661,000 restated). Core group business activities resulted in an increase of 15.63% in profit before taxation.

The Directors propose a dividend of £568,575 (2019: £568,575). The dividend will be paid in one amount, representing 0.1 pence per Ordinary Share, to shareholders with the record date of 29<sup>th</sup> December 2020 (with an ex-date of 24 December 2020) and will be paid on 12 January 2021.

## KEY PERFORMANCE INDICATORS

The Group seeks to grow both the top and bottom lines through organic growth, the development of new business lines, cost controls and financial conservatism. These factors have enabled it to improve margins and seek higher margin revenues, while offering competitive services to its clients.

The key performance indicators are set out below:

| <b>GROUP STATISTICS</b><br><b>(Including non-core Corporate finance income)</b> | <b>2020</b>       | <b>2019</b><br><b>restated</b> | <b>Change</b><br><b>%</b> |
|---|-------------------|--------------------------------|---------------------------|
| Turnover  | <b>£5,752,000</b> | <b>£5,311,000</b>              | <b>8.30%</b>              |
| Group profit before tax   | <b>£594,000</b>   | <b>£660,000</b>                | <b>-10.00%</b>            |

|                         |                |                 |
|-------------------------|----------------|-----------------|
| Non-core finance income | <b>£17,000</b> | <b>£129,000</b> |
|-------------------------|----------------|-----------------|

## CORE BUSINESS ACTIVITY ANALYSIS

| <b>CORE OPERATING</b><br><b>(Excluding non-core Corporate finance income)</b> | <b>2020</b>       | <b>2019</b>       | <b>Change</b><br><b>%</b> |
|---|-------------------|-------------------|---------------------------|
| Turnover  | <b>£5,735,000</b> | <b>£5,182,000</b> | <b>10.67%</b>             |
| Group profit before tax   | <b>£577,000</b>   | <b>£531,000</b>   | <b>8.66%</b>              |
| Gross Margin  | <b>74.77%</b>     | <b>74.76%</b>     | <b>0%</b>                 |

## KEY RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

The Group is exposed to a number of business risks. The risk appetite of the Group is determined by the Board with input from the Risk Committee.

The Group has identified the following as the key risks and their mitigation:

## **MARKET RISK**

The Group has limited market risk as its services are principally settlement and custody which have minimal market risk. Market exposure arising from unsettled trades is closely monitored and managed during each trading day. In respect of its trading as agent in equities and debt instruments, its execution services are minimal and are only carried out under strict criteria. Market risk also gives rise to variations in asset values and thus management fees, and variations in the value of investments held by GIS.

## **COUNTERPARTY RISK**

The Group does have counterparty risk, primarily with large agent banks, but we do not see this as significant given the high level of regulation in our industry. Where there is counterparty risk with clients, it is largely offset by collateral or risk margin deposited with the Group.

## **STOCK MARKET CONDITIONS**

The Group's business is highly dependent on stock market conditions, especially volumes of equities and other financial products traded. Adverse market conditions resulting in reducing volumes of trading may have a significant negative effect on revenues and profitability.

## **CURRENCY RISK**

A large proportion of the Group's income and expenses are incurred in foreign currency, particularly US Dollar. As a result, fluctuations in currency exchange rates could have an adverse effect on the financial condition, results of operation or cash flow of the Group.

## **CREDIT RISK**

The Company is exposed to immaterial credit risk which is disclosed in Note 21.

## **OPERATIONAL RISK**

There is a range of operational risks to which the Group is exposed, including, but not limited to, systems risks, outsourcing risks, reputational risks and fraud/cybersecurity risks. The Group seeks to mitigate these operational risk to acceptable residual levels, in accordance with its risk appetite policy, by maintenance of its control environment, which is managed through the Group's operational risk management framework. The Group's controls include appropriate segregation of duties and supervision of employees; ensuring the suitability and capability of the employees; relevant training programmes that enable employees to attain and maintain competence; and, identifying risks that arise from inadequacies or failures in processes and systems.

The Group has a business continuity plan which provides contingency measures to ensure smooth continued operations in the event of a disruption and is reviewed regularly.

## **LOSS OF STAFF**

Staff are a key asset in the business and retaining the services of key staff is essential to ongoing revenue generation and development of the business.

## **CHANGES IN REGULATION OR LEGISLATION**

The regulatory regime applicable to companies such as Octagonal, and more specifically its trading subsidiary, GIS, is under regular review and future changes made by a regulatory body could impose a greater burden on the Group with consequential additional costs. As GIS is a regulated business, it relies on continuing to be authorised under the Financial Conduct Authority ("FCA") to be able to undertake certain roles and operations.

The Group's business is subject to substantial regulation both in the UK, US and other jurisdictions. Adverse regulatory developments could have a material, adverse effect on the Group's operating results, financial condition and prospects.

The Group conducts its businesses subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies, voluntary codes of practice and interpretations in the UK and the other markets

## **KEY RISKS AND UNCERTAINTIES AND RISK MANAGEMENT (continued)**

where it operates. Future changes in regulation, fiscal or other policies are unpredictable and beyond the control of the Directors and could materially adversely affect the Group's business.

Areas where changes could have an adverse impact include, but are not limited to:

- other general changes in regulatory requirements, such as prudential rules relating to the capital adequacy or liquidity frameworks;
- further developments in financial reporting, corporate governance, conduct of business and employee compensation regulations; and
- other unfavourable political, military or diplomatic developments producing social instability or legal uncertainty which, in turn, may affect demand for the Group's products and services.

## **INFLUENCE OF CONTROLLING SHAREHOLDER**

John Gunn has an interest in approximately 52.89 per cent. of the Company's issued share capital. John Gunn consequently is in a position to exert significant influence over the Company, its strategy, directors and operations. In order to partially mitigate this risk, the Company and John Gunn have agreed a Relationship Agreement governing his behaviour as the majority shareholder in the Company.

## **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

Details of the Group's financial risk management objectives and policies are set out in Note 21 to these financial statements.

## **PROMOTION OF THE COMPANY FOR THE BENEFIT OF THE MEMBERS AS A WHOLE**

The Director's believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Company,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Company's employees,
- Foster the Company's relationships with suppliers, customers and others, and
- Consider the impact of the Company's operations on the community and the environment.

The Company is quoted on AIM 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.

When selecting investments, issues such as the impact on the community and the environment have actively been taken into consideration.

The Company pays its employees and creditors promptly and keeps its costs to a minimum to protect shareholders funds.

## **GOING CONCERN**

The Directors have a reasonable expectation that the Group has adequate resources to continue in operation or existence for the foreseeable future thus we continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in Note 2 of the financial statements.

The Company's employees carry out their duties remotely, via the network infrastructure in place. As a result, there was no disruption to the operational activities of the Company during the COVID-19 social distancing and working from home restrictions. All key business functions continue to operate at normal capacity.

This report was approved by the board of directors and signed on behalf of the board by:

Samantha Esquant  
**Director**

16 December 2020

## DIRECTORS' REPORT

For the year ended 31 March 2020

The Directors present their annual report and the audited financial statements of the Group for the year ended 31 March 2020.

### PRINCIPAL ACTIVITY AND BUSINESS REVIEW

This information is now included within the Strategic Report above, as part of the 'Review of the Business' under the Amendment to the Companies Act 2006 of s.414c(2a).

### DIRECTORS

The Board comprised the following directors who served throughout the year and up to the date of this report save where disclosed otherwise:

| Director         | Position                            |
|------------------|-------------------------------------|
| John Gunn        | Executive Chairman                  |
| Samantha Esquant | Chief Executive Officer             |
| Nilesh Jagatia   | Chief Financial Officer / Secretary |
| Anthony Binnie   | Non-Executive Director              |

The Group has qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

### DIRECTORS' INTERESTS

The Directors' interests in the share capital of the Company at 31 March 2020, held either directly or through related parties, were as follows:

| Name of director | Number of ordinary shares | % of ordinary share capital and voting rights |
|------------------|---------------------------|---|
| John Gunn        | 300,744,931               | 52.89%  |
| Samantha Esquant | 1,687,500                 | 0.3%  |
| Nilesh Jagatia   | 562,500                   | 0.1%  |

Details of the Directors' share options are shown below:

| Name of Director | Number outstanding at 31 March 2020 | Exercise Price | Vesting Date | Expiry Date |
|------------------|-------------------------------------|----------------|--------------|-------------|
| J Gunn           | 5,250,000                           | 3p             | Various      | 6.09.2021   |
| S Esquant        | 3,750,000                           | 3p             | Various      | 6.09.2021   |
| N Jagatia        | 3,000,000                           | 3p             | Various      | 6.09.2021   |
|                  | <b>12,000,000</b>                   |                |              |             |

### DONATIONS

The Group made charitable donations during the year of £34,560 (2019: £9,475).

### EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the Group. This is achieved through formal and informal meetings. Equal opportunity is given to all employees regardless of their sex, age, colour, race, religion or ethnic origin.

## SIGNIFICANT SHAREHOLDINGS

On 30 November 2020 the following were interested in 3 percent. or more of the Company's share capital (including Directors, whose interests are also shown above):

| Name of shareholder                             | Number of ordinary shares | % of ordinary share capital and voting rights |
|---|---------------------------|---|
| John Gunn                                       | 300,744,931               | 52.89%  |
| Roger Barby                                     | 52,500,436                | 9.23%   |
| Interactive Investors Services Nominees Limited | 33,211,533                | 5.84%   |
| Jim Nominees                                    | 32,240,509                | 5.67%   |
| Vidacos Nominees Limited                        | 24,118,614                | 4.24%   |

## POST YEAR END EVENTS

Post year-end GIS, has seen increased market volatility and uncertainty as a result of the impact of Covid-19. This has been the greatest challenge to the financial service industry since the financial crisis of 2008. During these periods of increased volatility, the board of GIS took steps to limit client exposure to riskier assets and strengthen our liquidity resources. The strategy in which we chose to navigate the period, given the conditions, is a testament to the strength of our business model. Our investments in technology has enabled us to continue to serve our clients around the World, with all employees working from home, offering clients a seamless 24-hour 5 day a week service from London, Mumbai and Hong Kong. The Board is proud of the hard work and conscientiousness of the team, with many facing personal challenges given the impact of the Covid-19 lockdown. Whilst largely relating to the pre-crisis period, the 2020 results demonstrate the stability of our business model and protection of our stakeholders' interests. Our balance sheet, capital and liquidity position remain strong and we remain well positioned to facilitate client activity during these uncertain times. For now, our focus remains on the welfare of our employees and the financial soundness of the business.

## DISCLOSURE OF INFORMATION TO THE AUDITORS

In the case of each of the persons who are directors of the Company at the date when this report is approved:

- So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- Each of the directors has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the auditors are aware of the information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

## AUDITOR

PKF Littlejohn LLP have expressed their willingness to continue in office as auditor and it is expected that a resolution to reappoint them will be proposed at the next annual general meeting.

## CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance while considering the Group's size and stage of development. The Company formally adopted the Quoted Companies Alliance Code ("QCA Code") on 28 September 2018.

The corporate governance disclosures need to be reviewed annually, and the company will also need to state the date on which these disclosures were last reviewed. The QCA code adopted by the Company is disclosed after the Statement of Director's Responsibilities.

The Board meets regularly and is responsible for formulating, reviewing and approving the Group's strategy, budgets, performance, major capital expenditure and corporate actions.

## BOARD OF DIRECTORS

The Company supports the concept of an effective Board leading and controlling the Company. The Board of Directors is responsible for approving Company policy and strategy. It meets regularly and has a schedule of matters specifically reserved to it for decision. All Directors have access to advice from independent professionals at the Company's expense. Training is available for new and existing Directors as necessary.



Matters which would normally be referred to other than the appointed committees are dealt with by the Board as a whole.

## **AUDIT COMMITTEE**

The Audit Committee is chaired by Anthony Binnie and its other member is Nilesh Jagatia the Chief Financial Officer. It is expected that they will be joined by the second independent Non-Executive Director following their appointment. The Audit Committee acts independently to ensure that the interests of the Company and its Group are properly protected in relation to financial reporting and internal controls.

The directors have established the Audit Committee to ensure that appropriate financial reporting procedures are properly monitored, controlled and reported on at a minimum by IFRS approved foreign exchange accounting policies, and rules governed by the FCA and AIM employing general accepted account practices.

The Audit Committee provides a forum for reporting by the Group's external auditors. The Committee is also responsible for reviewing a wide range of matters, including half-year and annual results before their submission to the Board, and for monitoring the controls that are in force to ensure the integrity of information reported to shareholders. The Audit Committee will advise the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and will discuss the nature, scope and results of the audit with the external auditors. The Committee will keep under review the cost effectiveness and the independence and objectivity of the external auditors.

The Audit Committee meets not less than twice in each financial year.

## **REMUNERATION COMMITTEE**

The Remuneration Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost. The Remuneration Committee also determines and reviews the performance and the terms of service of the directors, including salary, incentives and benefits, and makes recommendations to the Board. The Board itself determines the remuneration of the Executive Directors.

The Remuneration Committee comprises of the Chief Executive Director Samantha Esquant and is chaired by the Independent Non-Executive Director Anthony Binnie. It is expected that they will be joined by the second independent Non-Executive Director following their appointment. The Committee meets as often as it deems necessary and at least annually to discharge its responsibilities and to support good decision making by the Board.

## **COMMUNICATIONS WITH SHAREHOLDERS**

Communications with shareholders are given a high priority by the management. In addition to the publication of an annual report and an interim report, there is regular dialogue with shareholders and analysts. The Annual General Meeting is viewed as a forum for communicating with shareholders, particularly private investors. Shareholders may question the Chief Executive Officer and other members of the Board at the Annual General Meeting.

## **INTERNAL CONTROL**

The Directors acknowledge they are responsible for the Group's system of internal control and for reviewing the effectiveness of these systems. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of the Group failing to achieve its strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has well established procedures which are considered adequate given the size of the business.

## **REMUNERATION**

The remuneration of the directors has been fixed by the Board as a whole. The Board seeks to provide appropriate reward for the skill and time commitment required so as to retain the right calibre of director at a cost to the Company which reflects current market rates.

Details of directors' fees and of payments made for professional services rendered are set out in Note 10 to the financial statements and details of the directors' share options are set out in the Directors' Report.

This report was approved by the board of directors and signed on behalf of the board by:

Samantha Esquant  
**Director**

16 December 2020

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have also elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and 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 corporate, financial and investor information contained on the Company's website. Legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Company is compliant with AIM Rule 26 regarding the Company's website.

John Gunn  
**Executive Chairman**

16 December 2020

# CORPORATE GOVERNANCE REPORT

(AIM Rules for Companies (effective 30 March 2018, as updated 30 November 2020))

Octagonal Plc

| Quoted Companies Alliance Code ("QCA Code")   |  |
|---|--|
| Principles:   | Application:   |
| 1) <b>Strategy and business model to promote long-term values for shareholders</b>                          | <p>This section complies with the requirements of the QCA Code.</p> <p>The Board has concluded that the highest medium- and long-term value can be delivered to its shareholders by the adoption of a single strategy for the Group and Company. The principal activity of the Group is a Financial Services group through its subsidiary Global Investment Strategy UK Ltd ("GIS") which provides global settlement and safe custody services to investors, hedge funds, institutions, family offices and high net worth individuals, along with other ancillary services. GIS is the trading entity of the Group, authorised and regulated by the Financial Conduct Authority, and is a member of The London Stock Exchange.</p> <p>The board implements this strategy by developing a business model focused on driving profitability and longer-term shareholder value through several key areas:</p> <ul style="list-style-type: none"> <li>(iii) growing revenues organically through seeking new clients and identifying and implementing new services to existing and new clients,</li> <li>(iv) improving margins through investing in technology, creating efficiencies and a drive to reduce frictional costs etc. This focus is continuing to bear fruit with revenue improvements and margin gains and expanding GIS's FCA regulatory permissions to enhance group revenues and profitability through developing new business lines.</li> </ul>   |
| 2) <b>Meeting and understanding shareholders' needs and expectations</b>                                    | <p>This section complies with the requirements of the QCA Code.</p> <p>The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Furthermore, Octagonal plc's shareholders and investors can keep themselves updated about the current Company's position by visiting the Octagonal plc's website <a href="https://octagonalplc.com/">https://octagonalplc.com/</a>.</p>  |
| 3) <b>Considering stakeholders and social responsibilities and their implications for long term success</b> | <p>This section complies with the requirements of the QCA Code.</p> <p>Octagonal plc's Board recognises that the long-term success of the Company is reliant on efforts of its employees, consultants, suppliers, regulators and stakeholders.</p> <p><u>Employees:</u> In order to support employees' growth and enforce social responsibilities Octagonal plc's Board has implemented systems to monitor and evaluate employees' performance and to encourage well performing employees to progress further by supporting them to attend courses. Employees' performance is monitored through a process designed to encourage open and confidential communication between the management and the employees on a regular basis.</p> <p><u>Consultants:</u> The Board recognises that it may need industry specific consultants as they bring knowledge and expertise for specific areas, and in some instances, they also provide training for existing staff.</p> <p><u>Suppliers:</u> Octagonal plc maintains a good working relationship with its suppliers to provide for its growing business and to support its existing needs.</p> <p><u>Regulators:</u> The Board monitors and implements any legal or regulatory changes where possible both domestically and overseas and is fully committed to compliance.</p> <p><u>Stakeholders:</u> Octagonal plc encourages its shareholders to actively participate in meetings and shareholders are provided with the opportunity to give feedback on a regular basis.</p> |
| 4) <b>Risk Management</b>   | <p>This section complies with the requirements of the QCA Code.</p> <p>Octagonal plc's Board is responsible for determining the nature and the extent of the risks it is willing to take in achieving the Company's strategic objectives. The Board manages the risks through implementation of internal controls systems.</p>   |

Octagonal plc has robust controls and procedures in place to manage internal controls of the Company and these are considered appropriate to the size and complexity of the organisation. Additionally, the audit committee has been set up to evaluate and manage significant risks faced by the Company.

Control is established mainly through the Company's directors who monitor and support the day to day running of the Company and where possible comply with the Board's and shareholders concerns and requirements.

Octagonal plc has identified and implemented the following risks and controls to mitigate risks:

| Activity:   | Risk  | Impact   | Control(s)  |
|---|---|--|---|
| <b>Market risk</b>                                  | Limited market risk in respect of its trading as agent in equities and debt instruments as its services are principally settlement and custody. However, the Company and its Group does have counterparty risk. | Trades not settled by 3 <sup>rd</sup> party banks  | The Board does not see this as significant given the high level of regulation in this industry. Market exposure arising from unsettled trades is closely monitored and managed during each trading day.                               |
| <b>Counterparty Risk</b>                            | Counterparty risk is primarily with large agent banks and clients.  | Negative financial impact if there is failure to deliver on obligations.   | For agent banks, not seen as significant given the high level of regulation in our industry. With clients, it is largely offset by collateral or risk margin deposited with the Group.  |
| <b>Stock market conditions</b>                      | The Group's business is highly dependent on stock market conditions, especially volumes of equities and other financial products traded.  | Adverse market conditions resulting in reducing volumes of trading may have a significant negative effect on revenues and profitability. | This is a general sector risk and applies to all organisations in the industry.   |
| <b>Management and loss of key personnel / staff</b> | High turnover of staff and other recruitment issues.  | Operational and reputational impact.   | Recognition and support for well performing existing employees and promotion of an open culture and meritocracy.<br><br>Implementation of training and development to maintain and enhance skillset to meet operational requirements. |

|  |  |  |   |  |
|--|--|--|---|--|
|  | <b>Regulatory / legal adherence</b>  | As GIS and GIS Hong Kong are regulated businesses, they rely heavily on continuing to be authorised under the Financial Conduct Authority (“FCA”) and the Securities and Futures Commission of Hong Kong (“SFC”) respectively, to be able to undertake certain roles and operations. | The Group’s business is subject to substantial regulation both in the UK, Hong Kong, USA and other jurisdictions. Adverse regulatory developments could have a material adverse effect on the Group’s operating results, financial condition and prospects. | <p>Robust policies and procedures to be followed.</p> <p>External FCA and SFC compliance auditors involved and updated in all aspects of the business.</p> <p>Operating best practices in the industry and oversight by directors and management.</p> <p>Maintaining effective communication with the Company’s Auditors and NOMAD on regular basis.</p> |
|  | <b>Operational</b>   | Failure of systems and controls.   | Loss of key data and inability to operate effectively.  | <p>Disaster recovery and business continuity policies to be followed in case of crisis.</p> <p>Maintaining strong IT systems and controls in place.</p>  |
|  | <b>Financial</b>   | <p><u>Internal:</u> Inadequate systems and controls of accounting in place and liquidity risk.</p> <p><u>External:</u><br/>Market and credit crisis<br/>Short term liquidity freezes<br/>Commercialisation<br/>Brexit.</p>   | <p>Loss of business.</p> <p>Inability to continue trading as a going concern.</p>   | <p>The Board regularly reviews operating and strategic risks.</p> <p>The audit committee provides adequate and sufficient information to the Company’s external auditors.</p> <p>Robust capital and liquidity levels in place alongside effective accounting systems and controls.</p>   |
|  | The above matrix is kept up to date and regularly reviewed as changes arise in order to mitigate risks.  |  |   |  |
| <b>5) Maintain the board as a well-functioning and</b> | This section does not comply with the requirements of the QCA Code as the board composition does not include a Non-Executive Chairman and two Non-Executive Directors. |  |   |  |

|   |  |
|---|--|
| <p><b>balanced team led by the chair</b></p>                    | <p>The Company notes that the recommendation under the QCA code is for the role of the Chairman to hold a Non-Executive position. The Company's current Executive Chairman (John Gunn) is the founder of the main operating subsidiary and is currently driving the strategies for the two new divisions (Synergis and GIS Hong Kong). Given the current investment and growth phase of the company, the Company feels that it is appropriate for the Chairman to hold an Executive role. The Chairman is conscious of his role in running the Board as opposed to the Company and regularly consults with the Nomad and Company lawyers to ensure that appropriate Board protocol is maintained. In addition, at the date of this report, the company has one Non-Executive Director and is currently seeking an additional Non-Executive director that has substantial experience in the new divisions.</p> <p>At the date of this publication the Board comprises of the Executive Chairman (John Gunn), the Chief Executive Officer (Samantha Esqulant), the Chief Financial Officer (Nilesh Jagatia) and the independent Non-Executive Director (Anthony Binnie). Further detail about the skills and capabilities of these directors are set out in principle six below.</p> <p>The letter of appointment of the Company's Directors and Secretary are available for inspection at the Company's registered office and all directors are subject to re-election at intervals no more than three years.</p> <p>The Board is responsible for strategy and performance of major capital projects and the framework of internal controls. All directors have access to seek independent advice should they feel that their knowledge of the given task is insufficient. There is a clear balance between the executive directors and the non-executive director.</p> <p>Furthermore, the directors liaise with the Company Secretary (Nilesh Jagatia), who is responsible for compliance with the Board procedures and that applicable rules and regulations are complied with.</p> <p>The Board meets monthly. The Board established the following committees; Audit Committee and Remuneration Committee. All Directors are encouraged to participate and attend meetings on a regular basis and the attendance is closely monitored.</p> <p>Despite the QCA recommendation of having two independent directors Octagonal plc has opted to have only one non-executive director as it feels that this is appropriate to the current size and complexity of the organisation. At the date of this report, the Company is looking to appoint an additional non-executive director to provide a balance of the non-executive directors and executive-directors as per the QCA Code.</p> |
| <p><b>6) Directors' experience, skills and capabilities</b></p> | <p>This section complies with the requirements of the QCA Code.</p> <p><b>The Chairman: John Gunn</b></p> <p>Mr Gunn is currently the Chairman of Octagonal Plc, and Chairman of GIS, having founded the business in 2002. With a career spanning over 30 years in the financial services industry, Mr Gunn began his career in Hoare Govett and has since worked at Carr Sheppards Limited, Assicurazioni Generali and Williams de Broe Plc, where he was a senior investment manager until 2002. From 2004, he has also worked within the renewable energy sector. He is currently the Chairman and CEO of AIM traded Inspirit Energy Holdings Plc. Mr Gunn holds 52.89% of issued share capital and is the majority shareholder of Octagonal PLC.</p> <p><b>Chief Executive Officer: Samantha Dru Esqulant</b></p> <p>Ms Esqulant has been in the financial services industry for over sixteen years and has experience of working in both boutique and large corporate organisations including LCF Rothschilds and Barclays Capital. She was employed at Bank of New York Mellon for over 7 years working on a variety of matters including overseeing the settlements team and implementing controls within the department to decrease risk and exposure. Ms Esqulant joined the team at GIS to assist with risk management and embedding control procedures. She is also a director of GIS.</p> <p><b>Chief Financial Officer: Nilesh Jagatia</b></p> <p>Mr Jagatia currently serves as Finance Director at Octagonal plc and also currently holds the Finance Director position with AIM quoted Inspirit Energy Holdings Plc and Limitless Earth Plc (LME). Nilesh has been involved with several IPO's and was previously Group Finance Director of an AIM quoted companies including: Online Media and Publishing Company, Real estate, and Fintech. Nilesh has over 20 years' experience, including senior financial roles in divisions of both Universal Music Group and Sanctuary Group plc. He served as a Finance Director for an independent record label that expanded into the US. Nilesh is a qualified accountant and holds a degree in finance.</p> <p><b>Non-Executive Director: Anthony Binnie</b></p>   |

|   |  |
|---|--|
|   | <p>Anthony Binnie has founded and served as a director on several property development companies focused on development opportunities in London and the South East. Having graduated from Bristol University with a degree in Economics, Anthony commenced training as an accountant with Baker Tilly before moving into their Corporate Finance department. Within this department he worked on private and public company corporate finance and due diligence mandates. Having left Baker Tilly, Anthony moved into property development and is currently a Founder and Director of the Brockwell Group Ltd. Anthony serves on the Company's Audit and Remuneration Committees.</p> <p>In addition to the Board directors above Octagonal plc uses Beaumont Cornish Limited as its nominated adviser (NOMAD) and Hill Dickinson LLP to assist with legal and regulatory matters and FTB ITC Services Ltd to support the IT systems.</p>  |
| 7) <b>Evaluation of the Board's performance</b>   | <p>This section complies with the requirements of the QCA Code.</p> <p>Octagonal plc is fully committed to uphold Directors independence and to regularly evaluate their performance.</p> <p>Where appropriate, Octagonal plc sets targets which the Directors have to adhere to. Each Director is assigned with an individual target which is linked to the corporate and financial targets of the Company. Career support, development and training may also be provided to the Directors where necessary.</p>   |
| 8) <b>Promoting corporate culture, ethical values and behaviours</b>                                      | <p>This section complies with the requirements of the QCA Code.</p> <p>Octagonal plc is committed to ethical conduct and to the governance structures that ensure that the Company delivers long term value and earns the trust of its shareholders. The shareholders are encouraged at General Meetings to express their views and expectations in an open and respectful dialogue.</p> <p>The Board is fully aware that its conduct impacts the corporate culture of the Company as a whole and that this will impact the future performance of the Company. The Directors are invited to provide an open comprehensive dialogue and constructive feedback to the employees, and to promote ethical values and behaviours within the Company.</p> <p>Octagonal plc also believes that doing business honestly, ethically, with integrity helps to build long-term, trusting relationships with our employees, customers, suppliers and stakeholders. Our Code of business Conduct means that our employees understand that we pride ourselves on having high ethical standards. Octagonal plc has zero tolerance for bribery and corruption amongst our employees.</p>   |
| 9) <b>Maintenance of governance structures and processes to support good decision making by the board</b> | <p>This section complies with the requirements of the QCA Code.</p> <p>The Board is responsible for the ultimate decision making, the structures and processes adopted by Octagonal plc. The Board is headed by the Chairman. In order to comply with the Companies Act 2006 the Board recognises that it must comply with the following principles set out by the Act:</p> <ul style="list-style-type: none"> <li>- duty to exercise independent judgement;</li> <li>- duty to exercise reasonable care, skill and diligence;</li> <li>- duty to avoid conflicts of interest;</li> <li>- duty not to accept benefits from third parties; and</li> <li>- duty to declare interest in a proposed transaction or arrangement.</li> </ul> <p><u>The Chairman</u> is responsible for leading the Board, sets the agenda and ensures it is an effective working group at the head of the Company. The Chairman is also responsible for promoting a culture of openness and effective communication with shareholders and to ensure that all board members receive accurate, timely and clear information.</p> <p><u>The Executive Directors</u> are responsible for day to day running of the Company and effective communications with the Board and the Shareholders. They represent the Company to ensure quality of information provision, they challenge and monitor performance of the teams, and they set business plans and targets for the Company.</p> <p><u>Non-Executive Director</u> Octagonal plc has one Non-Executive Director who is an independent director. This is to reinforce the Company's commitment to a transparent and effective governance structure which encourages and provides ample opportunity for challenge and deliberation. The Non-Executive Director's objective is to scrutinise the performance of the Board and senior management as well as to monitor performance, agree goals and objectives. They will satisfy themselves on the integrity of financial information and that financial controls and systems of risk</p> |

|                                       |  |
|---------------------------------------|--|
|                                       | <p>management are robust and fit for purpose. The Non-Executive Director is also closely working with Remuneration Committee as it is responsible for determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing / removing senior management.</p> <p>The Company established the following committees to help with processes, structures and support good decision making by the Board.</p> <p><u>Audit Committee</u> - The Audit Committee is currently chaired by Anthony Binnie and its other member is Nilesch Jagatia. The Committee provides a forum for reporting by the Group's external auditors. The committee is also responsible for reviewing a wider range of matters, including half-year and annual results before their submission to the board, as well as monitoring the controls that are in force to ensure the integrity of information reported to shareholders. The Audit Committee advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and it also discusses the nature, scope and results of the audit with the external auditors. The committee keeps under review the cost effectiveness, the independence and objectivity of the external auditors.</p> <p><u>Remuneration Committee</u> - The Remuneration Committee is currently chaired by Anthony Binnie and its other member is Samantha Esquant. The Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and costs. The Remuneration Committee determines the contract terms, remuneration and other benefits for the Executive Directors, including performance related bonus schemes and compensation payments. The Board itself determines the remuneration of the non-executive directors.</p> <p>It is recognised that if the Company grows, it may be necessary to review the current structure in order to provide better segregation of the responsibilities and clear lines of reporting, that are consistent with industry standards.</p> |
| <b>10) Shareholders communication</b> | <p>This section complies with the requirements of the QCA Code.</p> <p>The Company recognises that its shareholders are imperative for future growth and prosperity of the Company. The shareholders are treated equally both in relation to participation at meetings and in the exercising of voting rights. Octagonal plc's shareholders are encouraged to attend its annual general meetings and the Company provides regulatory news updates and any other matters the Board feels fit. The Company maintains the following website <a href="https://octagonalplc.com/">https://octagonalplc.com/</a> for investor relations.</p>   |



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OCTAGONAL PLC

## Opinion

We have audited the financial statements of Octagonal Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Group Statement of Profit and Loss, the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's profit and parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Our application of materiality

We apply the concept of materiality both in planning and performing of our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. The materiality for the Group financial statements as a whole was set at £55,000 (2019: £73,000) and is based on 8% of profit before tax (2019: 7% of profit before tax) which we consider to be an appropriate benchmark given the key performance indicators of the entity relate to profit before tax.

We set performance materiality at 80%, (2019: 80%) of materiality for the financial statements as a whole. Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. For each component in the scope of our group audit, we allocated a materiality that was less than our overall group materiality.

We agreed with the board that we would report to the committee all individual differences identified during the course of our audit in excess of £2,750, (2019 £4,200). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

We determined the materiality for the parent company to be £37,000, with a performance materiality of £29,600. We agreed with the board. We agreed with the board that we would report to the committee all individual differences identified during our audit in excess of £1,850. Materiality is based on 8% of profit before tax which we consider to be an appropriate benchmark given the key performance indicators of the entity relate to profit before tax.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OCTAGONAL PLC (continued)

## An overview of the scope of our audit

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

### 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 of the current period 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, and we do not provide a separate opinion on these matters.

| Key Audit Matter  | How the scope of our audit responded to the key audit matter  |
|---|---|
| <b>Revenue recognition (refer to note 6)</b><br>Revenue is a significant item in the income statement and impacts on a number of management's key performance and strategic indicators.   | <p>The Group entity Global Investment Strategy Limited generates revenue for the group. As this entity is audited by a component auditor, we have performed the following:</p> <p>We reviewed the component auditor working paper file. Our review included:</p> <ul style="list-style-type: none"> <li>• A review of the substantive revenue testing performed which included reviewing a sample of transactions.</li> <li>• A sample of revenue transactions were reviewed prior to and after the year end to ensure that revenue was recognised in the correct period.</li> <li>• Ensured that revenue is recognised in accordance with IFRS 15.</li> </ul> <p>From our review, there were no issues noted in regard to revenue recognition.</p>   |
| <b>Intangible Asset (refer to note 14)</b><br>Synergis Capital Plc is developing a website platform and as such is capitalising development costs relating to the development of this asset.<br>The Company has not completed the listing of the bond and as such has not yet commenced trading. The Directors need to consider whether there are any indicators of impairment relating to the intangible asset and capitalised costs. In addition, it is necessary to review whether the development costs have been recognised in accordance with IAS 38. | <p>The recognition of the capitalised development costs as an Intangible asset and the review of impairment thereon has been identified as a Key Audit Matter (KAM) for the group.</p> <p>Our work in this area included:</p> <ul style="list-style-type: none"> <li>• Substantive testing of additions to supporting documentation. Testing the existence, ownership and rights to the assets</li> <li>• We reviewed the costs capitalised throughout the period to ensure they their treatment is in line with IFRSs</li> <li>• We reviewed and challenged management's assessment of impairment and consider whether there have been any impairment indicators triggered during the period</li> </ul> <p>We verified eligibility for recognition of development costs in accordance with the criteria required to be demonstrated under IAS 38, including in particular:</p> <ul style="list-style-type: none"> <li>• Technical feasibility (including regulatory or market approval);</li> <li>• Ability to use or sell the intangible asset;</li> <li>• Availability of technical, financial and other resources to complete the development.</li> </ul> <p>From our review, there were no issues with either the recognition of the capitalised costs or impairment thereon</p> |

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OCTAGONAL PLC (continued)

### Other information

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

statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

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

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

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

#### **Responsibilities of directors**

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OCTAGONAL PLC (continued)**

### **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.

**Jonathan Bradley-Hoare (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**

**16 December 2020**

15 Westferry Circus  
Canary Wharf  
London  
E14 4HD

## GROUP STATEMENT OF PROFIT AND LOSS

For the year ended 31 MARCH 2020

|   | Notes | 2020<br>£'000 | 2019<br><i>restated</i><br>£'000 |
|---|-------|---------------|----------------------------------|
| Revenue   | 6     | 5,752         | 5,311                            |
| Cost of sales   |       | (1,447)       | (1,308)                          |
| <b>Gross profit</b>   |       | <b>4,305</b>  | <b>4,003</b>                     |
| Administrative expenses   | 4     | (3,576)       | (3,264)                          |
| Share based payment expense   |       | -             | (63)                             |
| <b>Operating profit</b>   | 7     | <b>729</b>    | <b>676</b>                       |
| Other gains and losses  | 9     | (135)         | (16)                             |
| <b>Profit before tax</b>  |       | <b>594</b>    | <b>660</b>                       |
| Tax   | 11    | (302)         | 1                                |
| <b>Profit for the year</b>  |       | <b>292</b>    | <b>661</b>                       |
| Attributable to:  |       |               |                                  |
| Shareholders in the parent company  |       | 343           | 807                              |
| Non-controlling interests   |       | (51)          | (146)                            |
|   |       | <b>292</b>    | <b>661</b>                       |
| <b>Earnings per share attributable to owners of the parent company from continuing operations</b> |       |               |                                  |
| <b>Basic and diluted (pence per share)</b>  | 12    |               |                                  |
| Basic   |       | 0.06          | 0.14                             |
| Fully diluted   |       | 0.06          | 0.13                             |

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company profit and loss account. The total comprehensive profit for the parent company for the year was £312,000 (2019: loss £496,000 restated).

The accounting policies and notes are an integral part of these financial statements.

## GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 MARCH 2020

|  | 2020       | 2019       |
|--|------------|------------|
|  | £'000      | £'000      |
| <b>Profit for the year attributable to</b>                           |            |            |
| Shareholders in the parent company                                   | 343        | 807        |
| Non-controlling interests  | (51)       | (146)      |
|  | <b>292</b> | <b>661</b> |
| <b>Other comprehensive income</b>                                    |            |            |
| <b>Items that may be subsequently reclassified as profit or loss</b> |            |            |
| Exchange differences on translation of foreign operations            | 45         | -          |
|  | <b>45</b>  | <b>-</b>   |
| <b>Total comprehensive income for the year attributable to</b>       |            |            |
| Shareholders in the parent company                                   | 388        | 807        |
| Non-controlling interests  | (51)       | (146)      |
|  | <b>337</b> | <b>661</b> |

The accounting policies and notes are an integral part of these financial statements.

## GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 31 MARCH 2020

|  | Notes | GROUP        |                          | COMPANY      |                          |
|--|-------|--------------|--------------------------|--------------|--------------------------|
|  |       | 2020         | 2019                     | 2020         | 2019                     |
|  |       | £'000        | <i>restated</i><br>£'000 | £'000        | <i>restated</i><br>£'000 |
| <b>Non-Current assets</b>                              |       |              |                          |              |                          |
| Goodwill   | 13    | 2,869        | 2,869                    | -            | -                        |
| Other intangible assets                                | 14    | 805          | 657                      | -            | -                        |
| Property, plant and equipment                          | 15    | 39           | 40                       | -            | -                        |
| Investment in subsidiaries                             | 16    | -            | -                        | 9,137        | 9,137                    |
|  |       | <b>3,713</b> | <b>3,566</b>             | <b>9,137</b> | <b>9,137</b>             |
| <b>Current assets</b>                                  |       |              |                          |              |                          |
| Investments held at fair value through profit and loss | 17    | 225          | 266                      | -            | -                        |
| Trade and other receivables                            | 18    | 489          | 533                      | 17           | 42                       |
| Cash and cash equivalents                              | 19    | 5,463        | 5,466                    | 1            | 3                        |
|  |       | <b>6,177</b> | <b>6,265</b>             | <b>18</b>    | <b>45</b>                |
| <b>Current liabilities</b>                             |       |              |                          |              |                          |
| Trade and other payables                               | 20    | 942          | 722                      | 2,342        | 2,112                    |
| Current tax liabilities                                |       | 632          | 561                      | -            | -                        |
|  |       | <b>1,574</b> | <b>1,283</b>             | <b>2,342</b> | <b>2,112</b>             |
| <b>Net assets</b>                                      |       | <b>8,316</b> | <b>8,548</b>             | <b>6,813</b> | <b>7,070</b>             |
| <b>Equity</b>  |       |              |                          |              |                          |
| Share capital  | 22    | 285          | 285                      | 285          | 285                      |
| Share premium account                                  | 22    | 171          | 171                      | 171          | 171                      |
| Reverse acquisition reserve                            |       | 679          | 679                      | -            | -                        |
| Merger reserve   |       | -            | -                        | 6,555        | 6,555                    |
| Investment reserve                                     |       | -            | -                        | 110          | 110                      |
| Foreign currency reserve                               |       | 45           | -                        | -            | -                        |
| Share option and warrant reserve                       |       | 162          | 162                      | 162          | 162                      |
| Retained earnings                                      |       | 6,979        | 7,205                    | (470)        | (213)                    |
| <b>Equity attributable to owners of the Company</b>    |       | <b>8,321</b> | <b>8,502</b>             | <b>6,813</b> | <b>7,070</b>             |
| Non-controlling interests                              |       | (5)          | 46                       | -            | -                        |
| <b>Total equity</b>                                    |       | <b>8,316</b> | <b>8,548</b>             | <b>6,813</b> | <b>7,070</b>             |

These financial statements were approved by the Board of Directors on 16 December 2020 and signed on their behalf by:

**Samantha Esquant**  
Director

**Nilesh Jagatia**  
Director

Company number: 06214926

The accounting policies and notes are an integral part of these financial statements

## GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 MARCH 2020

|  | Share<br>Capital | Share<br>Premium | Reverse<br>Acquisition<br>Reserve | Share<br>Option<br>Reserve | Foreign<br>Currency<br>Reserve | Retained<br>Earnings | Equity<br>Attributable<br>to Owners of<br>the Company | Non-<br>Controlling<br>Interests | Total<br>Equity |
|--|------------------|------------------|-----------------------------------|----------------------------|--------------------------------|----------------------|---|----------------------------------|-----------------|
|  | £'000            | £'000            | £'000                             | £'000                      | £'000                          | £'000                | £'000   | £'000                            | £'000           |
| <b>Balance at 1 April 2018</b>                             | <b>284</b>       | <b>171</b>       | <b>679</b>                        | <b>99</b>                  | <b>-</b>                       | <b>6,972</b>         | <b>8,205</b>  | <b>208</b>                       | <b>8,413</b>    |
| Total comprehensive income for the year                    | -                | -                | -                                 | -                          | -                              | 807                  | 807   | (146)                            | 661             |
| Dividend paid  | -                | -                | -                                 | -                          | -                              | (568)                | (568)   | -                                | (568)           |
| Transactions with owners                                   | -                | -                | -                                 | -                          | -                              | (100)                | (100)   | -                                | (100)           |
| Share issues   | 1                | -                | -                                 | -                          | -                              | -                    | 1   | -                                | 1               |
| Share based payment expense                                | -                | -                | -                                 | 63                         | -                              | -                    | 63  | -                                | 63              |
| Adjustment arising from change in non-controlling interest | -                | -                | -                                 | -                          | -                              | 94                   | 94  | (16)                             | 78              |
| <b>Balance at 31 March 2019</b>                            | <b>285</b>       | <b>171</b>       | <b>679</b>                        | <b>162</b>                 | <b>-</b>                       | <b>7,205</b>         | <b>8,502</b>  | <b>46</b>                        | <b>8,548</b>    |
| Balance at 1 April 2019                                    | 285              | 171              | 679                               | 162                        | -                              | 7,558                | 8,855   | 58                               | 8,913           |
| Prior year adjustment (note 4 (i))                         | -                | -                | -                                 | -                          | -                              | (191)                | (191)   | -                                | (191)           |
| Prior year adjustment (note 4 (iii)(iv))                   | -                | -                | -                                 | -                          | -                              | (162)                | (162)   | (12)                             | (174)           |
| <b>Balance at 1 April 2019 restated</b>                    | <b>285</b>       | <b>171</b>       | <b>679</b>                        | <b>162</b>                 | <b>-</b>                       | <b>7,205</b>         | <b>8,502</b>  | <b>46</b>                        | <b>8,548</b>    |
| Profit for the year  | -                | -                | -                                 | -                          | -                              | 343                  | 343   | (51)                             | 292             |
| Exchange differences on translation of foreign operations  | -                | -                | -                                 | -                          | 45                             | -                    | 45  | -                                | 45              |
| Total comprehensive income for the year                    | -                | -                | -                                 | -                          | 45                             | 343                  | 388   | (51)                             | 337             |
| Dividend paid  | -                | -                | -                                 | -                          | -                              | (569)                | (569)   | -                                | (569)           |
| Share based payment expense                                | -                | -                | -                                 | -                          | -                              | -                    | -   | -                                | -               |
| <b>Balance at 31 March 2020</b>                            | <b>285</b>       | <b>171</b>       | <b>679</b>                        | <b>162</b>                 | <b>45</b>                      | <b>6,979</b>         | <b>8,321</b>  | <b>(5)</b>                       | <b>8,316</b>    |

The accounting policies and notes are an integral part of these financial statements.



## COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 MARCH 2020

|  | Share<br>Capital<br>£'000 | Share<br>Premium<br>£'000 | Merger<br>Reserve<br>£'000 | Investment<br>Reserve<br>£'000 | Share Option &<br>Warrant<br>Reserve<br>£'000 | Retained<br>Earnings<br>£'000 | Total<br>£'000 |
|--|---------------------------|---------------------------|----------------------------|--------------------------------|---|-------------------------------|----------------|
| <b>Balance at 1 April 2018</b>           | <b>284</b>                | <b>171</b>                | <b>6,555</b>               | <b>110</b>                     | <b>99</b>                                     | <b>850</b>                    | <b>8,069</b>   |
| Total comprehensive expense for the year | -                         | -                         | -                          | -                              | -   | (496)                         | (496)          |
| Dividend paid                            | -                         | -                         | -                          | -                              | -   | (567)                         | (567)          |
| Share issues                             | 1                         | -                         | -                          | -                              | -   | -                             | 1              |
| Share based payment expense              | -                         | -                         | -                          | -                              | 63  | -                             | 63             |
| <b>Balance at 31 March 2019</b>          | <b>285</b>                | <b>171</b>                | <b>6,555</b>               | <b>110</b>                     | <b>162</b>                                    | <b>(213)</b>                  | <b>7,070</b>   |
| Balance at 1 April 2019                  | 285                       | 171                       | 6,555                      | 110                            | 162   | 109                           | 7,392          |
| Prior year adjustment (note 4 (i))       | -                         | -                         | -                          | -                              | -   | (191)                         | (191)          |
| Prior year adjustment (note 4 (iii))     | -                         | -                         | -                          | -                              | -   | (131)                         | (131)          |
| <b>Balance at 1 April 2019 restated</b>  | <b>285</b>                | <b>171</b>                | <b>6,555</b>               | <b>110</b>                     | <b>162</b>                                    | <b>(213)</b>                  | <b>7,070</b>   |
| Total comprehensive expense for the year | -                         | -                         | -                          | -                              | -   | 312                           | 312            |
| Dividend paid                            | -                         | -                         | -                          | -                              | -   | (569)                         | (569)          |
| <b>Balance at 31 March 2020</b>          | <b>285</b>                | <b>171</b>                | <b>6,555</b>               | <b>110</b>                     | <b>162</b>                                    | <b>(470)</b>                  | <b>6,813</b>   |

The accounting policies and notes are an integral part of these financial statements.

## GROUP AND COMPANY STATEMENTS OF CASH FLOWS

For the year ended 31 MARCH 2020

|  | GROUP<br>2020<br>£'000 | 2019<br><i>restated</i><br>£'000 | COMPANY<br>2020<br>£'000 | 2019<br><i>restated</i><br>£'000 |
|--|------------------------|----------------------------------|--------------------------|----------------------------------|
| <b>OPERATING ACTIVITIES</b>                              |                        |                                  |                          |                                  |
| Profit/(loss) for the year before taxation               | 594                    | 660                              | 312*                     | (322)                            |
| Adjusted for:  |                        |                                  |                          |                                  |
| Depreciation   | 14                     | 31                               | -                        | -                                |
| Amortisation of intangibles                              | 27                     | -                                | -                        | -                                |
| Share based payment expense                              | -                      | 63                               | -                        | 63                               |
| Investment impairment                                    | 135                    | 15                               | -                        | -                                |
| Operating cash flows before movements in working capital | 770                    | 769                              | 312                      | (259)                            |
| (Increase)/ decrease in trade and other receivables      | 44                     | (33)                             | 25                       | (40)                             |
| Increase in trade and other payables                     | 407                    | 336                              | 230                      | 191                              |
| Other movement   | 22                     | -                                | -                        | -                                |
| Net cash from / (used in) operations                     | 1,242                  | 1,072                            | 567                      | (108)                            |
| Tax paid   | (191)                  | -                                | -                        | -                                |
| <b>Net cash from / (used in) operating activities</b>    | <b>1,051</b>           | <b>1,072</b>                     | <b>567</b>               | <b>(108)</b>                     |
| <b>INVESTING ACTIVITIES</b>                              |                        |                                  |                          |                                  |
| Purchase of property, plant and equipment                | (13)                   | -                                | -                        | -                                |
| Development costs  | (174)                  | (248)                            | -                        | -                                |
| Purchase of investments                                  | (302)                  | (250)                            | -                        | -                                |
| Loan to a related party                                  | (9)                    | (14)                             | -                        | -                                |
| <b>Net cash used in investing activities</b>             | <b>(498)</b>           | <b>(512)</b>                     | <b>-</b>                 | <b>-</b>                         |
| <b>FINANCING ACTIVITIES</b>                              |                        |                                  |                          |                                  |
| Non-controlling interest investment                      | 14                     | 150                              | -                        | -                                |
| Increase in inter-company loan                           | -                      | -                                | -                        | 679                              |
| Dividend paid to Company's shareholders                  | (569)                  | (568)                            | (569)                    | (568)                            |
| <b>Net cash from financing activities</b>                | <b>(555)</b>           | <b>(418)</b>                     | <b>(569)</b>             | <b>111</b>                       |
| Net increase/(decrease) in cash and cash equivalents     | (3)                    | 142                              | (2)                      | 3                                |
| Cash and cash equivalents at beginning of year           | 5,466                  | 5,324                            | 3                        | -                                |
| Cash and cash equivalents at end of year                 | 5,463                  | 5,466                            | 1                        | 3                                |

\* Included within the Company profit is an amount of £600,000 which represents a dividend received from its subsidiary.

The accounting policies and notes are an integral part of these financial statements.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

## 1. GENERAL INFORMATION

The Company is incorporated and domiciled in England and Wales as a public limited company and operates from its registered office 2nd Floor 2 London Wall Buildings, London, England, EC2M 5PP. Octagonal plc's shares are listed on the AIM of the London Stock Exchange. The Group's main activity is that of a financial services business offering a wide range of services to institutional, family office and high net worth clients.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF PREPARATION

The financial statements of Octagonal plc (the "Company") and its subsidiaries (the "Group") have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union ("EU") applied in accordance with the provisions of the Companies Act 2006.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the International Financial Standards Interpretations Committee ("IFRS IC") and there is an ongoing process of review and endorsement by the European Commission. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

In accordance with reverse acquisition accounting convention the comparative information for the group for 2015 relates to the business of GIS.

The principal accounting policies adopted and applied in the preparation of the Group and Company Financial statements are set out below.

These have been consistently applied to all the years presented unless otherwise stated.

### PRIOR YEAR ADJUSTMENTS

The 2019 balances have been restated in the 2020 financial statements as PKF Littlejohn LLP noted an error in the accounting treatment of the start-up costs in relation to GIS Hong Kong incurred by the Group.

The 2019 balances were also restated to account for the dividend in specie payment made in Synergis Capital, which was not accounted for at 31 March 2019.

A third adjustment was made to the 2019 balances to write-off prior year tax assets in the parent and subsidiary companies. Further details are included in Note 4 to the financial statements.

### GOING CONCERN

Any consideration of the foreseeable future involves making a judgement, at a particular point in time, about future events which are inherently uncertain. The ability of the Group to carry out its planned business objectives is dependent on its continuing ability to raise adequate financing from equity investors and/or the achievement of profitable operations.

Nevertheless, at the time of approving these Financial Statements and after making due enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

The Company's employees carry out their duties remotely, via the network infrastructure in place. As a result, there was no disruption to the operational activities of the Company during the COVID-19 social distancing and working from home restrictions. All key business functions continue to operate at normal capacity.

### NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE GROUP AND COMPANY

The Group and Company have applied the following new and amended standards for the first time for its annual reporting period commencing 1 April 2019:

- IFRS 16, 'Leases';
- Prepayment Features with Negative Compensation - Amendments to IFRS 9;
- Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28;
- Annual Improvements to IFRS Standards 2015-2017 Cycle;
- Plan Amendments, Curtailment or Settlement - Amendments to IAS 19;

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

- Interpretation 23 'Uncertainty over Income Tax Treatments'; and
- Definition of Material - Amendments to IAS 1 and IAS 8.

These new and amended standards have not had a material effect on the Group and Company financial statements.

## NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2019 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

## BASIS OF CONSOLIDATION

The Group's consolidated financial statements incorporate the financial statements of Octagonal Plc (the "Company") and entities controlled by the Company (its subsidiaries). Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Company acquired Global Investment Strategy UK Limited on 30 June 2015 through both cash consideration and a share-for-share exchange. As the shareholders of GIS have control of the legal parent, Octagonal plc, the transaction has been accounted for as a reverse acquisition in accordance with IFRS 3 "Business Combinations".

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

## BUSINESS COMBINATIONS

The acquisition of subsidiaries is accounted for using the acquisition method under IFRS 3. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

## GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition and is included as a non-current asset.

Goodwill is tested annually, or more regularly should the need arise, for impairment and is carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Goodwill is allocated to cash generating units for the purpose of impairment testing.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

In accordance with IAS 36 the Group values goodwill at the lower of its carrying value or its recoverable amount, where the recoverable amount is the higher of the value if sold and its value in use. In addition, IAS 38 requires intangible assets with finite useful lives to follow the same impairment testing as Goodwill including the use of value in use calculations.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

## REVERSE ACQUISITION

The acquisition of Global Investment Strategy UK Limited on 30 June 2015 was accounted for using the reverse acquisition method. The following accounting treatment was applied in respect of the reverse acquisition:

- The assets and liabilities of the legal subsidiary were recognised and measured in the consolidated financial statements at their pre-combination carrying amounts without restatement to fair value;
- The identifiable assets and liabilities of the legal parent (the accounting acquiree) are recognised in accordance with IFRS 3 at the acquisition date. Goodwill is recognised in accordance with IFRS 3;
- The retained earnings and other equity balances recognised in the consolidated financial statements are those of the legal subsidiary (the accounting acquirer) immediately before the business combination.

The amount recognised as issued equity instruments in the consolidated financial statements is determined by adding the fair value of the legal parent (which is based on the number of equity interests deemed to have been issued by the legal subsidiary) determined in accordance with IFRS 3 to the legal subsidiary's issued equity immediately before the business combination. However, the equity structure (that is, the number and type of equity instruments issued) shown in the consolidated financial statements reflects the legal parent's equity structure, including the equity instruments issued by the legal parent to affect the combination. The equity structure of the legal subsidiary (accounting acquirer) is restated using the exchange ratio established in the acquisition agreement to reflect the number of shares issued by the legal parent (the accounting acquiree) in the reverse acquisition.

## PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, less depreciation, less adjustments for impairment, if any.

Significant improvements are capitalised, provided they qualify for recognition as assets. The costs of maintenance, repairs and minor improvements are expensed when incurred.

Tangible assets retired or withdrawn from service are removed from the balance sheet together with the related accumulated depreciation. Any profit or loss resulting from such an operation is included in the income statement.

Tangible assets are depreciated on straight-line method based on the estimated useful lives from the time they are put into operations, so that the cost is diminished over the lifetime of consideration to estimated residual value as follows:

- Office equipment - Over 5 years
- Other Fixtures & Fittings - Over 10 years
- Leasehold property - Over period of the lease
- Other Motor Vehicles - Over 4 years

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

## INTANGIBLES

Expenditure on internally developed intangible asset is capitalised if it can be demonstrated that:

- there is an intention to complete the development,
- adequate resources are available to complete the development,
- it is probable that the asset will generate future economic benefits, and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the group expects to benefit from using the asset developed. The amortisation expense is included within the cost of sales line in the consolidated Statement of Comprehensive Income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated Statement of Comprehensive Income as incurred.

## IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At each financial year end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount and the impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## FOREIGN CURRENCIES

At each year-end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the year-end date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

## FINANCIAL ASSETS

The Company's financial assets comprise investments, cash and cash equivalents and loans and receivables, and are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as "Net change in fair value of investments".

### Financial asset investments

#### Classification of financial assets

The Company holds financial assets including equities and debt securities. On 1 April 2018, the Company adopted IFRS 9 Financial Instruments (IFRS 9). IFRS 9 replaces the classification and measurement models previously contained in IAS 39 Financial Instruments: Recognition and Measurement. The classification and measurement of financial assets at 31 March 2020 and 2019 are in accordance with IFRS 9.

On the initial recognition, the Company classifies financial assets as measured at amortised cost or fair value through profit or loss ("FVTPL"). A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specific dates to cash flows that are Solely Payments of Principal and Interest (SPPI).

All other financial assets of the Company are measured at FVTPL.

## Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Company considers all of the relevant information on how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realised cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment advisor is compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cashflows collected.
- IFRS 9 subsection B4.1.1-B4.1.2 stipulates that the objective of the entity's business model is not based on management's intentions with respect to an individual instrument, but rather determined at a higher level of aggregation. The assessment needs to reflect the way that an entity manages its business.

The company has determined that it has two business models.

- Held-to-collect business model: this includes cash and cash equivalents, balances due from brokers and other receivables. These financial assets are held to collect contractual cash flows.
- Other Business model: this includes structured finance products, equity investments, investments in unlisted private equities and derivatives. These financial assets are managed and their performance is evaluated, on a fair value basis with frequent sales taking place in respect to equity holdings.

## Valuation of financial asset investments

Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which comprises the proceeds of sale less any transaction cost. The valuations in respect of unquoted investments (Level 3 financial assets) are explained in note 17. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the consolidated statement of comprehensive income as "Net gains/(losses) on investments". Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

## TRADE RECEIVABLES, LOANS AND OTHER RECEIVABLES

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified under "loans and receivables". Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Other receivables, that do not carry any interest, are measured at their nominal value as reduced by any appropriate allowances for irrecoverable amounts.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

## FINANCIAL LIABILITIES

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities are classified as either financial liabilities at fair value through profit or loss ("FVTPL") or 'other financial liabilities'.

There were no financial liabilities 'at FVTPL' during the current, or preceding, period.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

## OTHER FINANCIAL LIABILITIES, BANK AND SHORT-TERM BORROWINGS

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Other short-term borrowings being intercompany loans and unsecured convertible loan notes issued in the year are recognised at amortised cost net of any financing or arrangement fees.

## TRADE PAYABLES

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## EQUITY INSTRUMENTS INCLUDING SHARE CAPITAL

Equity instruments issued by the Company are recorded at the proceeds received, net of incremental costs attributable to the issue of new shares.

An equity instrument is any contract that evidences a residual interest in the assets of a company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

Share capital represents the amount subscribed for shares at nominal value.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Any bonus issues are also deducted from share premium.

The merger reserve represents the premium on the shares issued less the nominal value of the shares, being the difference between the fair value of the consideration and the nominal value of the shares.

The reverse acquisition reserve arises from the acquisition of Global Investment Strategy UK Limited by the Company and represents the total amount by which the fair value of the shares issued in respect of the acquisition exceed their total nominal value.

The investment reserve represents the fair value adjustment to the investment in subsidiary in connection with the reverse acquisition.

The warrant reserve represents the fair value, calculated at the date of grant, of warrants unexercised at the balance sheet date.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income.

## SHARE-BASED PAYMENTS

All share-based payments are accounted for in accordance with IFRS 2 - "Share-based payments". The Company issues equity-settled share-based payments in the form of share options to certain directors and employees. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Fair value is estimated using the Black-Scholes valuation model. The expected life used in the model has been adjusted, on the basis of management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to retained earnings.

## REVENUE RECOGNITION

Under IFRS 15, Revenue from Contracts with Customers, five key points to recognise revenue have been assessed:

Step 1: Identify the contract(s) with a customer;

Step 2: Identify the performance obligations in the contracts;

Step 3: Determine the transaction price;



# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

Step 4: Allocate the transaction price to the performance obligations in the contract; and

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group's revenue includes commission income, corporate advisory fees and other ancillary fees.

Revenue is measured at the fair value of the consideration received or receivable.

Fees for advisory engagements for which the work is substantially complete or which are at a stage where work for which separate payment is due is substantially complete, and which will become due but are not yet invoiced are recorded on a right to consideration basis. Where such fees are contingent on the outcome of a transaction they are only accounted for after the transaction has completed.

Management fees and interest are credited to income in the period in which they relate.

## TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts 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 generally 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 the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each year-end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period. Judgements and estimates that may affect future periods are as follows:

### GOING CONCERN

The Directors consider that, based upon financial projections, the Company will be a going concern for the next twelve months. For this reason, the directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

### FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group holds investments that have been designated as available for sale on initial recognition. Where practicable the Group determines the fair value of these financial instruments that are not quoted (Level 3), using the most recent bid price at which a transaction has been carried out. These techniques are significantly affected by certain key assumptions, such as market liquidity. Other valuation methodologies such as discounted cash flow analysis assess estimates of future cash flows and it is important to recognise that in that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

## 4. PRIOR YEAR ADJUSTMENT

The 2019 statement of consolidated comprehensive income has been restated as follows:

| CONSOLIDATED STATEMENT OF<br>COMPREHENSIVE INCOME (extract) | Note  | Signed 2019<br>accounts<br>£'000 | Decrease in<br>profit<br>£'000 | Restated for the<br>year ended<br>31 March 2019<br>£'000 |
|---|-------|----------------------------------|--------------------------------|--|
| Expenses from continuing operations:                        |       |                                  |                                |  |
| Administration and office start-up costs                    | (i)   | -                                | (191)                          | (191)  |
| Write-off unrecoverable group taxation- Parent              | (ii)  | -                                | (131)                          | (131)  |
| Write-off unrecoverable group taxation- Subsidiary          | (iii) |                                  | (44)                           | (44)   |
|   |       |                                  | <b>(366)</b>                   | <b>(366)</b>   |

(i) The prior year adjustment of £191,000 represents start-up costs in relation to GIS Hong Kong incurred by the parent company which were not accounted for in 2019.

(ii) and (iii) The prior year adjustments of £131,000 and £44,000 represent the write-offs of the unrecoverable taxation assets accounted for in the parent and subsidiary company respectively.

Basic and diluted earnings per share for the prior year have also been restated.

The amount of the correction for both basic and diluted earnings per share was a decrease of £0.04 per share.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

| GROUP STATEMENT OF FINANCIAL POSITION                   | Note  | Signed accounts at 31 March 2019<br>£'000 | Adjustments<br>£'000 | Restated as at 31 March 2019<br>£'000 |
|---|-------|---|----------------------|---------------------------------------|
| <b>Non-current assets</b>                               |       |   |                      |                                       |
| Goodwill  |       | 2,869                                     | -                    | 2,869                                 |
| Other intangible assets                                 |       | 657                                       | -                    | 657                                   |
| Property, plant and equipment                           |       | 40  | -                    | 40                                    |
| <b>Total non-current assets</b>                         |       | <b>3,566</b>                              | <b>-</b>             | <b>3,566</b>                          |
| <b>Current assets</b>                                   |       |   |                      |                                       |
| Investments held at fair value through profit and loss  |       | 266                                       | -                    | 266                                   |
| Trade and other receivables                             | (i)   | 708                                       | (175)                | 533                                   |
| Cash and cash equivalents                               |       | 5,466                                     | -                    | 5,466                                 |
| <b>Total current assets</b>                             |       | <b>6,440</b>                              | <b>(175)</b>         | <b>6,265</b>                          |
| <b>Current liabilities</b>                              |       |   |                      |                                       |
| Trade and other payables                                | (ii)  | 532                                       | 190                  | 722                                   |
| Current tax liabilities                                 |       | 561                                       | -                    | 561                                   |
| <b>Total current liabilities</b>                        |       | <b>1,093</b>                              | <b>190</b>           | <b>1,283</b>                          |
| <b>Net assets</b>                                       |       | <b>8,913</b>                              | <b>(365)</b>         | <b>8,548</b>                          |
| <b>Equity</b>   |       |   |                      |                                       |
| Share capital   |       | 285                                       | -                    | 285                                   |
| Share premium   |       | 171                                       | -                    | 171                                   |
| Reverse acquisition reserve                             |       | 679                                       | -                    | 679                                   |
| Share option and warrant reserve                        |       | 162                                       | -                    | 162                                   |
| Retained earnings                                       | (iii) | 7,558                                     | (353)                | 7,205                                 |
| <b>Equity attributable to the owners of the Company</b> |       | <b>8,855</b>                              | <b>(353)</b>         | <b>8,502</b>                          |
| Non-controlling interests                               |       | 58  | (12)                 | 46                                    |
| <b>Total equity</b>                                     |       | <b>8,913</b>                              | <b>(365)</b>         | <b>8,548</b>                          |

(i) The prior year adjustment to other receivables of £175,000 comprises of the write-offs of the unrecoverable taxation assets of £131,000 and £44,000 in the parent and subsidiary companies respectively.

(ii) The prior year adjustment to other payables of £190,000 represents the start-up costs incurred by the parent company which were not accounted for in 2019.

(iii) The prior year adjustment to retained earnings of £353,000 comprises of:

- a) £191,000 being start-up costs incurred by the parent company which were not accounted for in 2019, and
- b) £131,000 and £44,000 being the write-offs of the unrecoverable taxation assets accounted for in the parent and subsidiary company respectively, with the corresponding effect on the non-controlling interest of £12,000.

These restatements have no overall impact on the equity brought forward as at 1 April 2018

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

| COMPANY STATEMENT OF FINANCIAL POSITION | Note  | Signed accounts at 31 March 2019<br>£'000 | Adjustments<br>£'000 | Restated as at 31 March 2019<br>£'000 |
|---|-------|---|----------------------|---------------------------------------|
| <b>Non-current assets</b>               |       |   |                      |                                       |
| Investment in subsidiaries              |       | 9,137                                     | -                    | 9,137                                 |
| <b>Total non-current assets</b>         |       | <b>9,137</b>                              | <b>-</b>             | <b>9,137</b>                          |
| <b>Current assets</b>                   |       |   |                      |                                       |
| Trade and other receivables             | (i)   | 173                                       | (131)                | 42                                    |
| Cash and cash equivalents               |       | 3   | -                    | 3                                     |
| <b>Total current assets</b>             |       | <b>175</b>                                | <b>(131)</b>         | <b>45</b>                             |
| <b>Current liabilities</b>              |       |   |                      |                                       |
| Trade and other payables                | (ii)  | 1,921                                     | 191                  | 2,112                                 |
| <b>Total current liabilities</b>        |       | <b>1,921</b>                              | <b>191</b>           | <b>2,112</b>                          |
| <b>Net assets</b>                       |       | <b>7,392</b>                              | <b>(322)</b>         | <b>7,070</b>                          |
| <b>Equity</b>                           |       |   |                      |                                       |
| Share capital                           |       | 285                                       | -                    | 285                                   |
| Share premium                           |       | 171                                       | -                    | 171                                   |
| Merger reserve                          |       | 6,555                                     | -                    | 6,555                                 |
| Investment reserve                      |       | 110                                       | -                    | 110                                   |
| Share option and warrant reserve        |       | 162                                       | -                    | 162                                   |
| Retained earnings                       | (iii) | 109                                       | (322)                | (213)                                 |
| <b>Total equity</b>                     |       | <b>7,261</b>                              | <b>(322)</b>         | <b>7,070</b>                          |

(i) The prior year adjustment to other receivables of £131,000 represents the write-off of the unrecoverable taxation assets of £131,000 in the parent company.

(ii) The prior year adjustment to other payables of £191,000 represents the start-up costs incurred by the parent company which were not accounted for in 2019.

(iii) The prior year adjustment to retained earnings of £322,000 comprises of:

- a) £191,000 being start-up costs incurred by the parent company which were not accounted for in 2019, and
- b) £131,000 being the write-offs of the unrecoverable taxation assets accounted for in the parent and subsidiary company respectively, with the corresponding effect on the non-controlling interest of £12,000.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

## 5. SEGMENTAL INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, during the year was the collective Board of Octagonal Plc. No individual director carries out this role, instead it is the Board that makes these decisions collectively.

All operations and information are reviewed together so that at present there is only one reportable operating segment this year, but with the Group's change of focus and activities, that situation may be different in future years.

## 6. ANALYSIS OF TURNOVER

An analysis of turnover by class of business is as follows:

|                                | 2020<br>£'000 | 2019<br>£'000 |
|--------------------------------|---------------|---------------|
| Commissions                    | 4,000         | 3,624         |
| Share sales                    |               | -             |
| Corporate finance and advisory | 17            | 130           |
| Special charges and recharges  | 1,734         | 1,557         |
|                                | <b>5,752</b>  | <b>5,311</b>  |

## 7. OPERATING PROFIT

|   | 2020<br>£'000 | 2019<br>£'000 |
|---|---------------|---------------|
| Operating loss is stated after charging:      |               | -             |
| Staff costs as per Note 9 below               | 1,323         | 1,254         |
| Depreciation of property, plant and equipment | 14            | 14            |
| Operating lease rentals                       | 239           | 142           |
|   | <b>1,586</b>  | <b>1,410</b>  |

## 8. AUDITOR'S REMUNERATION

The analysis of auditors' remuneration is as follows:

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Fees payable to the Group's auditors for:            |               |               |
| The audit of the Group's annual financial statements | 29            | 20            |
|  | <b>29</b>     | <b>20</b>     |

## 9. OTHER GAINS AND LOSSES

|                           | 2020<br>£'000 | 2019<br>£'000 |
|---------------------------|---------------|---------------|
| Impairment of investments | (135)         | (16)          |
|                           | <b>(135)</b>  | <b>(16)</b>   |

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

## 10. STAFF COSTS

The average monthly number of employees (including executive directors) for the continuing operations was:

|                       | 2020<br>Number | 2019<br>Number |
|-----------------------|----------------|----------------|
| Group total staff     | 18             | 18             |
|                       | 2020<br>£'000  | 2019<br>£'000  |
| Wages and salaries    | 1,182          | 1,127          |
| Pension contributions | 24             | 12             |
| Social security costs | 117            | 115            |
|                       | <b>1,323</b>   | <b>1,254</b>   |

Directors' emoluments were as follows:

|                   | 2020<br>Directors<br>fees<br>£'000 | 2020<br>Bonus<br>£'000 | 2020<br>Other<br>emoluments<br>£'000 | 2020<br>Total<br>£'000 | 2019<br>Total<br>£'000 |
|-------------------|------------------------------------|------------------------|--------------------------------------|------------------------|------------------------|
| John Gunn         | 12                                 | 190                    | 299                                  | 501                    | 530                    |
| Samantha Esqulant | 12                                 | 70                     | 94                                   | 176                    | 186                    |
| Nilesh Jagatia    | 12                                 | 40                     | 88                                   | 140                    | 78                     |
| Anthony Binnie    | 12                                 | -                      | -                                    | 12                     | 12                     |
|                   | <b>48</b>                          | <b>300</b>             | <b>457</b>                           | <b>829</b>             | <b>806</b>             |

With the exception of Samantha Esqulant and Nilesh Jagatia the fees for all the current directors were invoiced by companies of which they were directors and controlling shareholders.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

## 11. TAXATION

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Current tax charge                     | 258           | 300           |
| Adjustment in respect of previous year | -             | (302)         |
| Deferred tax (release) / charge        | 44            | 1             |
|  | 302           | (1)           |

| Reconciliation of tax charge:   | Continuing Operations |               |
|---|-----------------------|---------------|
|   | 2020<br>£'000         | 2019<br>£'000 |
| Profit before tax   | 531                   | 676           |
| Tax at the UK corporation tax rate of 19% (2019: 19%)                         | 101                   | 128           |
| Effects of:   |                       |               |
| Tax effect of expenses that are not deductible in determining taxable profit: |                       | -             |
| Prior year adjustments  | 137                   | (265)         |
| Disallowable expenses   | 69                    | -             |
| Permanent differences   | 29                    | 29            |
| Additional deduction for R&D expenditure                                      | (83)                  | (32)          |
| Deferred tax not recognised   | 49                    | 141           |
| Unutilised tax losses   | -                     | -             |
| Tax charge for period   | 302                   | 1             |

The total taxation charge in future periods will be affected by any changes to the corporation tax rates in force in the countries in which the Group operates.

## 12. EARNINGS PER SHARE

The basic earnings per share is based on the profit/(loss) for the year divided by the weighted average number of shares in issue during the year. The weighted average number of ordinary shares for the year ended 31 March 2020 assumes that all shares have been included in the computation based on the weighted average number of days since issue.

|  | 2020        | 2019        |
|--|-------------|-------------|
| Profit attributable to the equity owners of the parent                         | £343,000    | £807,000    |
| Weighted average number of ordinary shares in issue for basic earnings         | 568,576,886 | 567,866,749 |
| Weighted average number of ordinary shares in issue for fully diluted earnings | 581,880,940 | 581,616,749 |
| <b>Earnings per share (pence per share)</b>                                    |             |             |
| Basic  | 0.06p       | 0.14p       |
| Fully diluted  | 0.06p       | 0.14p       |



# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

## 13. GOODWILL

|                    | 2020<br>£'000 | 2019<br>£'000 |
|--------------------|---------------|---------------|
| At 1 April         | 2,869         | 2,869         |
| <b>At 31 March</b> | <b>2,869</b>  | <b>2,869</b>  |

The amount of £2,869,000 of Goodwill relates to the Goodwill arising on the reverse acquisition of GIS in 2015.

Goodwill is monitored by management at the level of the operating segment. The recoverable amount is determined based on value-in-use calculations which uses cash flow projections based on financial budgets approved by the Directors covering a five-year period, and a discount rate of 12% per annum.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates of 10% which is based on the average growth for 5 years covered by the projections. The Directors believe that any reasonably possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

The Directors have reviewed the carrying value of Goodwill as at 31 March 2020 and consider that no impairment provision is required. The Directors continue to review Goodwill on an on-going basis and where necessary in future periods will request external valuations to further support the valuation basis.

## 14. OTHER INTANGIBLE ASSETS

| Group                      | System<br>development costs |
|----------------------------|-----------------------------|
| <i>Cost</i>                | £'000                       |
| As at 1 April 2018         | 409                         |
| Additions                  | 265                         |
| At 31 March 2019           | 674                         |
| Additions                  | 175                         |
| At 31 March 2020           | 849                         |
| <i>Amortisation</i>        |                             |
| As at 31 March 2018        | -                           |
| Charge for the year        | 17                          |
| As at 31 March 2019        | 17                          |
| Charge for the year        | 27                          |
| As at 31 March 2020        | 44                          |
| <i>Net book Value</i>      |                             |
| <b>As at 31 March 2020</b> | <b>805</b>                  |
| As at 31 March 2019        | 657                         |

## 15. PROPERTY, PLANT AND EQUIPMENT

| Group | Office<br>Equipment | Fixtures<br>and fittings | Short term<br>leasehold property | Motor<br>Vehicles | Group<br>Total |
|-------|---------------------|--------------------------|----------------------------------|-------------------|----------------|
|-------|---------------------|--------------------------|----------------------------------|-------------------|----------------|

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

| <i>Cost</i>         | £'000 | £'000 | £'000 | £'000 | £'000 |
|---------------------|-------|-------|-------|-------|-------|
| As at 31 March 2018 | 74    | 15    | 6     | 63    | 158   |
| Additions           | 10    | -     | -     | -     | 10    |
| Disposal            | -     | -     | -     | (63)  | (63)  |
| As at 31 March 2019 | 84    | 15    | 6     | -     | 105   |
| Additions           | 13    | -     | -     | -     | 13    |
| As at 31 March 2020 | 97    | 15    | 6     | -     | 118   |

## *Depreciation*

|                     |    |    |   |      |      |
|---------------------|----|----|---|------|------|
| As at 31 March 2018 | 37 | 13 | 6 | 42   | 98   |
| Charge for the year | 8  | 1  | - | 5    | 14   |
| Disposal            | -  | -  | - | (47) | (47) |
| As at 31 March 2019 | 45 | 14 | 6 | -    | 65   |
| Charge for the year | 13 | 1  | - | -    | 14   |
| As at 31 March 2020 | 58 | 15 | 6 | -    | 79   |

## *Net book value*

|                            |           |          |          |          |           |
|----------------------------|-----------|----------|----------|----------|-----------|
| <b>As at 31 March 2020</b> | <b>39</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>39</b> |
| As at 31 March 2019        | 39        | 1        | -        | -        | 40        |

## 16. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The Company's investments in its subsidiary undertakings are as follows:

| <b>Company</b>          | <b>2020<br/>£'000</b> | <b>2019<br/>£'000</b> |
|-------------------------|-----------------------|-----------------------|
| Cost and net book value |                       |                       |
| At 1 April              | 9,137                 | 9,137                 |
| <b>As at 31 March</b>   | <b>9,137</b>          | <b>9,137</b>          |

All principal subsidiaries of the Group are consolidated into the financial statements. At 31 March 2020 the subsidiaries were as follows:

| <b>Subsidiary undertakings</b>  | <b>Principal activity</b> | <b>Holding</b>  | <b>Holding %</b> |
|---|---------------------------|-----------------|------------------|
| *Global Investment Strategy UK Limited<br>Registered Office: 2 <sup>nd</sup> Floor, Solar House, 915 High Road,<br>London, England, N12 8QJ         | Financial services        | Ordinary shares | 100%             |
| **Synergis Capital Plc<br>Registered Office: 2 <sup>nd</sup> Floor, Solar House, 915 High Road,<br>London, England, N12 8QJ                         | Financial services        | Ordinary shares | 77.5%            |
| **Global Investment Strategy HK Limited<br>Registered Office: Room 4469, 44/F, Champion Tower, 3<br>Garden Road, Central, Hong Kong                 | Financial Services        | Ordinary shares | 100%             |
| ** Global Investment Strategy Nominees Limited<br>Registered Office: 2 <sup>nd</sup> Floor, Solar House, 915 High Road,<br>London, England, N12 8QJ | Financial Services        | Ordinary shares | 100%             |

\*Directly held

\*\*Indirectly held

## 17. AVAILABLE-FOR-SALE INVESTMENTS

| <b>Group</b>                         | <b>2020<br/>£'000</b> | <b>2019<br/>£'000</b> |
|--------------------------------------|-----------------------|-----------------------|
| Investments at fair value at 1 April | 266                   | 31                    |
| Purchases                            | 94                    | 250                   |
| Impairment of investments            | (135)                 | (15)                  |

## NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

|  |            |            |
|--|------------|------------|
| Gain on disposals                            | -          | -          |
| Disposals                                    | -          | -          |
| <b>Fair value of investments at 31 March</b> | <b>225</b> | <b>266</b> |
| Categorised as:                              |            |            |
| Level 1 Investments                          | 225        | 266        |
| Level 3 Investments                          | -          | -          |
|  | <b>225</b> | <b>266</b> |
| Classed as:                                  |            |            |
| Non-current assets                           | -          | -          |
| Current assets                               | 225        | 266        |
|  | <b>225</b> | <b>266</b> |

The table above sets out the fair value measurements using the IFRS 7 fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 - valued using quoted prices in active markets for identical assets.

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data.

There were no transfers between Level 1, Level 2 and Level 3 in either 2020 or 2019.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

## 18. TRADE AND OTHER RECEIVABLES

|                                | GROUP      |            | COMPANY   |           |
|--------------------------------|------------|------------|-----------|-----------|
|                                | 2020       | 2019       | 2020      | 2019      |
|                                | £'000      | £'000      | £'000     | £'000     |
| Prepayments and accrued income | 83         | 25         | 11        | 5         |
| Trade receivables              | 31         | 88         | -         | -         |
| Other receivables              | 289        | 326        | 6         | 37        |
| Loans receivable               | 86         | 94         | -         | -         |
|                                | <b>489</b> | <b>533</b> | <b>17</b> | <b>42</b> |

Balances with the related parties are disclosed in note 27.

Included in loans receivable is an amount of £85,800 (2019: £93,000) being the balance of an amount due from Amisud S.A. In March 2015 GIS agreed to convert a prior investment in Amisud S.A, an Argentinian based agriculture company, into a debt owed to GIS totalling approximately US\$215,000. Amisud S.A is required to repay the debt to GIS in instalments, two of which were received on schedule. As such the Directors feel no impairment charge is required.

No receivables were past due or provided for at the year-end or at the previous year end.

The Directors consider the carrying amount of intercompany loans and other receivables approximates to their fair value.

## 19. CASH AND CASH EQUIVALENTS

|                           | GROUP        |              | COMPANY  |          |
|---------------------------|--------------|--------------|----------|----------|
|                           | 2020         | 2019         | 2020     | 2019     |
|                           | £'000        | £'000        | £'000    | £'000    |
| Cash and cash equivalents | 5,463        | 5,466        | 1        | 3        |
|                           | <b>5,463</b> | <b>5,466</b> | <b>1</b> | <b>3</b> |

The Directors consider the carrying amount of cash and cash equivalents approximates to their fair value.

## 20. TRADE AND OTHER PAYABLES

|                   | GROUP      |            | COMPANY      |              |
|-------------------|------------|------------|--------------|--------------|
|                   | 2020       | 2019       | 2020         | 2019         |
|                   | £'000      | £'000      | £'000        | £'000        |
| Trade payables    | 281        | 103        | 39           | 10           |
| Intercompany loan | -          | -          | 2,268        | 2,068        |
| Other payables    | 427        | 498        | -            | -            |
| Accrued expenses  | 234        | 121        | 35           | 34           |
|                   | <b>942</b> | <b>722</b> | <b>2,342</b> | <b>2,112</b> |

Balances with the related parties are disclosed in note 27.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

## 21. FINANCIAL INSTRUMENTS

### FINANCIAL ASSETS BY CATEGORY

The IFRS 9 categories of financial assets included in the Statement of Financial Position and the headings in which they are included are as follows:

|                                | 2020<br>£'000 | 2019<br>£'000 |
|--------------------------------|---------------|---------------|
| Financial assets:              |               |               |
| Cash and cash equivalents      | 5,463         | 5,466         |
| Available for sale investments | 225           | 266           |
| Loans and receivables          | 406           | 508           |
|                                | <b>6,094</b>  | <b>6,240</b>  |

### FINANCIAL LIABILITIES BY CATEGORY

The IFRS 9 categories of financial liability included in the Statement of Financial Position and the headings in which they are included are as follows:

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Financial liabilities at amortised cost: |               |               |
| Trade and other payables                 | 281           | 103           |
| Short term borrowings                    | -             | -             |
|  | <b>281</b>    | <b>103</b>    |

## CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, (previously includes the borrowings) cash and cash equivalents and equity attributable to equity holders of the Parent Company, comprising issued capital, reserves and retained earnings, all as disclosed in the Statement of Financial Position.

## FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management is coordinated by the board of directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

The main risks the Group is exposed to through its financial instruments are credit risk and liquidity risk.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

## 21. FINANCIAL INSTRUMENTS (continued)

### CURRENCY RISK MANAGEMENT

The Group undertakes transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. The Group does not enter into forward exchange contracts to mitigate the exposure to foreign currency risk as amounts paid and received in specific currencies are expected to largely offset one another and the currencies most widely traded are relatively stable. The Directors consider the balances most susceptible to foreign currency movements to be the Cash and cash equivalents.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follow:

|       | 2020<br>£'000 | 2019<br>£'000 |
|-------|---------------|---------------|
| USD   | 265           | -             |
| AUD   | 243           | -             |
| HKD   | 568           | 625           |
| CAD   | -             | 43            |
| Other | 13            | 12            |

### Sensitivity analysis

The Group is mainly exposed to USD / GBP and EUR / GBP exchange rates. The following table shows the Group's sensitivity to a 5% increase and decrease in the GBP against these foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the yearend for a 5% in foreign currency rates:

|                                       | Profit/(loss) |               | Exchange rate       |       |
|---------------------------------------|---------------|---------------|---------------------|-------|
|                                       | 2020<br>£'000 | 2019<br>£'000 | At 31 March<br>2020 | 2019  |
| Effect of 5% decrease in value of GBP |               |               |                     |       |
| USD                                   | 11            | -             | 1.243               | -     |
| AUD                                   | 7             | -             | 2.020               | -     |
| HKD                                   | 3             | 27            | 9.634               | 1.162 |
| CAD                                   | -             | 2             | -                   | 1.304 |
| Effect of 5% increase in value of GBP |               |               |                     |       |
| USD                                   | (11)          | -             | 1.243               | -     |
| AUD                                   | (7)           | -             | 2.020               | -     |
| HKD                                   | (3)           | (27)          | 9.634               | 1.162 |
| CAD                                   | -             | (2)           | -                   | 1.304 |

In the Directors' opinion, the sensitivity analysis is unrepresentative of the inherent exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

## 21. FINANCIAL INSTRUMENTS (continued)

### CREDIT RISK MANAGEMENT

The Company's financial instruments, which are subject to credit risk, are considered to be cash and cash equivalents and trade and other receivables, and its exposure to credit risk is not material. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks.

The Group's maximum exposure to credit risk is £5,952,000 (2019: £5,845,000) comprising trade and other receivables of £489,000 (2019: £533,000) and cash of £5,463,000 (2019: £5,466,000).

### LIQUIDITY RISK MANAGEMENT

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which monitors the Group's short, medium and long-term funding and liquidity management requirements on an appropriate basis. The Group manages liquidity risk by maintaining adequate reserves and banking facilities.

## 22. CALLED UP SHARE CAPITAL

|                        | Deferred shares of 0.5p |                           | Ordinary shares of 0.05p |                           | Share premium<br>£'000 |
|------------------------|-------------------------|---------------------------|--------------------------|---------------------------|------------------------|
|                        | Number of<br>shares     | Nominal<br>value<br>£'000 | Number of<br>shares      | Nominal<br>value<br>£'000 |                        |
| ISSUED AND FULLY PAID: |                         |                           |                          |                           |                        |
| At 31 March 2018       | -                       | -                         | 567,226,886              | 284                       | 171                    |
| Share issues           |                         |                           | 1,350,000                | 1                         | -                      |
| At 31 March 2019       | -                       | -                         | 568,576,886              | 285                       | 171                    |
| Shares issues          | -                       | -                         | -                        | -                         | -                      |
| At 31 March 2020       | -                       | -                         | 568,576,886              | 285                       | 171                    |

The Company has one class of ordinary shares, which carry no right of fixed income.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

## 23. SHARE BASED PAYMENTS

### EQUITY-SETTLED SHARE OPTION SCHEME

On 6 September 2017, a total of 12,000,000 options were granted to three directors of the Company, exercisable at 3p per share. Half of the options vested immediately and the other half vested on the 1<sup>st</sup> anniversary of the date of grant. The options expire on the fourth anniversary of the date of grant.

On 28 September 2017, 1,750,000 options were granted on the same terms to a fourth director.

The fair value of the options was determined using the Black-Scholes option pricing model.

The significant inputs to the model in respect of the options granted were as follows:

|                                 | 6 Sep 2017 | 28 Sep 2017 |
|---------------------------------|------------|-------------|
| Grant date share price          | 2.575p     | 2.825p      |
| Exercise share price            | 3p         | 3p          |
| No. of share options            | 12,000,000 | 1,750,000   |
| Risk free rate                  | 1%         | 1%          |
| Expected volatility             | 50%        | 50%         |
| Option life                     | 4 years    | 4 years     |
| Calculated fair value per share | 0.89714p   | 1.06409p    |

The total share-based payment expense recognised in the income statement for the year ended 31 March 2020 in respect of the share options granted was £nil (2019: £63,000).

| Number of options at 1 Apr 2017 | Granted in the year | Exercised in the year | Cancelled in the year | Number of options at 31 Mar 2018 | Average exercise price | Vesting Date | Expiry date |
|---------------------------------|---------------------|-----------------------|-----------------------|----------------------------------|------------------------|--------------|-------------|
| –                               | 6,875,000           | –                     | –                     | 6,875,000                        | 0.92p                  | 6.09.2017    | 6.09.2021   |
| –                               | 6,875,000           | –                     | –                     | 6,875,000                        | 0.92p                  | 6.09.2018    | 6.09.2021   |
| –                               | 13,750,000          | –                     | –                     | 13,750,000                       | 0.92p                  |              |             |

## 24. EVENTS AFTER THE REPORTING PERIOD

Post year-end GIS, has seen increased market volatility and uncertainty as a result of the impact of Covid-19. This has been the greatest challenge to the financial service industry since the financial crisis of 2008. During these periods of increased volatility, the board of GIS took steps to limit client exposure to riskier assets and strengthen our liquidity resources. The strategy in which we chose to navigate the period, given the conditions, is a testament to the strength of our business model. Our investments in technology has enabled us to continue to serve our clients around the World, with all employees working from home, offering clients a seamless 24-hour 5 day a week service from London, Mumbai and Hong Kong. The Board is proud of the hard work and conscientiousness of the team, with many facing personal challenges given the impact of the Covid-19 lockdown. Whilst largely relating to the pre-crisis period, the 2020 results demonstrate the stability of our business model and protection of our stakeholders' interests. Our balance sheet, capital and liquidity position remain strong and we remain well positioned to facilitate client activity during these uncertain times. For now, our focus remains on the welfare of our employees and the financial soundness of the business.

In December 2020, GIS declared and paid a dividend of £1,200,000 to its parent Company Octagonal plc. This dividend received by Octagonal plc created sufficient distributable reserves for Octagonal Plc to pay the interim dividend to its members in January 2021.

## 25. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group had no capital commitments or contingent liabilities as at the year-end (2019: £nil).

## 26. CONTRACTUAL OBLIGATIONS

The Group's future minimum lease payments in respect of non-cancellable operating leases are as follows:



# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

|                          | 2020<br>£'000 | 2019<br>£'000 |
|--------------------------|---------------|---------------|
| Payable within 1 year    | 150           | 168           |
| Payable within 2-5 years | -             | 42            |
|                          | 150           | 210           |

## 27. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries which are related parties have been eliminated on consolidation and are not disclosed in these financial statements.

## KEY MANAGEMENT PERSONNEL

The remuneration of the directors and other key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*. Further information about the remuneration of individual directors of the Company is provided in Note 10.

|                              | 2020<br>£'000 | 2019<br>£'000 |
|------------------------------|---------------|---------------|
| Short term employee benefits | 741           | 819           |
|                              | 741           | 819           |

Short term employee benefits include payments made to personal service companies of key management during the year totalled £543,000 (2019: £543,000).

Balances with the directors at the year-end are:

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Loan receivable from John Gunn (included in other receivables) | 71            | 29            |
|  | 71            | 29            |

The amount due from John Gunn was repaid in full on 10 July 2020.

During the year, Brockwell Group (Holdings) Limited, a company in which Anthony Binnie is a Non Executive Director, charged consultancy fees of £12,000 (2019: £12,000).

## TRANSACTIONS WITH OTHER RELATED PARTIES

In previous years the Group charged rent and administration services to Inspirit Energy Holdings Limited ("Inspirit"), a Company connected to the Group, by way of John Gunn being a director and substantial shareholder in Inspirit. The amount due from Inspirit in respect of rent and services is summarised as follows:

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Amount due from Inspirit at 31 March (included in trade and other receivables) | 9             | 95            |
|  | 9             | 95            |

The amount owed by Inspirit at 31 March 2019 was settled by the issue to GIS of £95,000 convertible loan notes.

All balances with related parties are unsecured, interest free and do not have fixed terms of repayment

## 28. ULTIMATE CONTROLLING PARTY

The Directors regard Mr. J Gunn as being the ultimate controlling party, by way of his controlling interest in the issued share capital of the Company.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

For the year ended 31 MARCH 2020

## 29. SUBSEQUENT EVENTS

The Board have concluded that there is no need to continue with the cost, management time and the legal and regulatory obligations associated with maintaining the Company's listing as long as Shareholders interests are protected and that there is no risk of Shareholders losing any tax advantages. The company has not raised any funds since the listing in 2015. Should the Company need to raise funds in the future, the Board believe that the Private Equity market would value the Company based on enterprise value.

The Company has published an announcement today stating that it will shortly distribute to shareholders a circular containing details of the proposed cancellation and to seek the approval of shareholders to the proposed cancellation of the admission of its ordinary shares to trading on AIM at a General Meeting.