

Interim Results

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28 May 2021

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

Unaudited Interim Results for the six months ended 28 February 2021

Capital for Colleagues, the investment vehicle focused on opportunities in the Employee Owned Business (‘EOB’) sector, is pleased to announce its unaudited interim results for the six months ended 28 February 2021.

Financial Highlights

- Revenues of £198,000 (2020: £271,000), comprising interest receivable, dividends received and fees
- Profit of £1.29 million (after tax adjustments) for the six-month period (2020: profit of £1.04 million)
- Net assets of £9.43 million as at 28 February 2021 (29 February 2020: £7.75 million)
- NAV per share of 61.05 pence as at 28 February 2021 (29 February 2020: 50.17 pence per share)

Portfolio Highlights

- Disposal of entire investment in Civils Store Limited (‘Civils Store’) for £1.0 million, yielding a realised profit of £604,000
- Revalued investment in Anthesis Consulting Group Limited (‘Anthesis’) to £1.15 million, fully reflecting the disposal proceeds received in March 2021
- £134,000 of follow-on funding provided during the period across 3 investee companies
- Certain investments revalued upwards by a total of £437,000 during the period, to reflect underlying performance and prospects
- Investment portfolio at the period end comprised 15 unquoted EOBs (29 February 2020: 18)

Chief Executive’s Statement

There was continued progress across the Company’s portfolio during the six months ended 28 February 2021 and this has enabled the Directors to increase the value attributable to a number of the Company’s investments.

Material developments in the six months

- Disposal of entire investment in Civils Store for consideration of approximately £1.0 million, a profit on the original investment of around 150%. The investment had been valued at £720,000 in the Company’s investment update for the quarter ended 30 November 2020.
- Follow-on loans totaling £134,000 were made to three existing investees: Place 2 Place Logistics Limited, The Security Awareness Group Limited and South Cerney Outdoor Limited, providing those companies with additional working capital.

Key Developments since the end of the quarter:

- Disposal of entire investment in Anthesis for consideration of £1.15 million in cash, a profit on the original investment of around 155%.
- Following the receipt of this consideration, the Company had cash balances of £2.64 million as at 24 March 2021. The Company has no debt.

Financial Results

In the six months ended 28 February 2021, the Company generated income of £198,000 (2019: £271,000), principally from interest and dividends receivable and fees associated with our investments. As at 28 February 2021, the Company had net assets of £9.43 million (2019: £7.75 million), with the increase in value reflecting the disposal of two investments for proceeds of £2.15 million in cash, the further revaluations of companies within our investment portfolio and the tax adjustment referred to below.

Following discussions with its tax advisers, the Company has been advised that certain deferred taxation provisions made by the Company in relation to recent disposals are no longer required, as a result of the investment gain exemptions afforded by the Reform of the Substantial Shareholdings Exemption in the Finance Act 2017. The effect of this is to write back the whole of the deferred tax provision (£477,000) at the half year. This equates to approximately 3p per share and is reflected in the figures included within this announcement.

Outlook

We continue to promote the commercial and financial benefits of EOBs at every opportunity and are pleased to see increasing recognition of EOBs as important generators of equitable and dynamic growth.

The Directors remain optimistic of the Company’s prospects in light of the balance and proven resilience of the companies in its portfolio. The Directors also believe that Employee Ownership has played a key role in the Covid-19 economic recovery so far and that the Company is therefore particularly well-placed to participate in and benefit from that ongoing recovery.

Alistair Currie
Chief Executive

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PROFIT & LOSS ACCOUNT	Unaudited 6 months to 28 February 2021	Unaudited 6 months to 29 February 2020	Audited 12 months to 31 August 2020
	£'000	£'000	£'000
Revenue	198	271	569
Realised gains	605	-	307
Unrealised gains	437	1,333	1,346
	1,240	1,604	2,222
Administrative expenses	(236)	(322)	(553)
PROFIT FROM ONGOING OPERATIONS	1,004	1,282	1,669
Impairment of investments and loans (including associates)	-	-	(102)
PROFIT BEFORE TAXATION	1,004	1,282	1,567
Tax	286	(243)	(138)
PROFIT FOR THE PERIOD	1,290	1,039	1,429

BALANCE SHEET

	As at 28 February 2021	As at 29 February 2020	As at 31 August 2020
	£'000	£'000	£'000
ASSETS			
Non-Current Assets			
Property, plant & equipment	7	2	2
Investments held at fair value through profit or loss	6,987	7,031	6,950
Investments in Associates	-	16	-
Loans and receivables	943	1,068	452
	7,937	8,117	7,404
Current Assets			
Trade and other receivables	545	133	701
Cash and cash equivalents	1,027	91	388
	1,572	224	1,089
TOTAL ASSETS	9,509	8,341	8,493
EQUITY AND LIABILITIES			
Equity			
Called up share capital	6,176	6,176	6,176
Share premium	1,099	1,099	1,099
Retained profits	2,152	472	862
Total Equity	9,427	7,747	8,137
Current Liabilities			

Trade and other payables	82	205	70
Provision for liabilities	-	389	286
TOTAL EQUITY AND LIABILITIES	9,509	8,341	8,493

The interim results have not been reviewed by the Company's auditors.

The Directors of the Company are responsible for the contents of this announcement.

Capital for Colleagues

Capital for Colleagues is an investment company focused on the UK EOB sector. The Company has a proven management team, with a wide network of contacts and affiliates, as well as established access to investment opportunities, enabling the Company to execute its strategy and capitalise on EOB-focused investment opportunities.

Market Abuse Regulation (MAR) Disclosure

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

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