Capital for Colleagues

Advice Investment Growth

# Report And Consolidated Financial Statements

## For the year ended 31 August 2024

Capital for Colleagues PLC

Company Number: 08717989

# Directors, Advisers and Officers

| | |
|---|---|
| **Registered Number** | 08717989 |
| **Directors** | Richard Bailey (Chairman)<br>Bill Ainscough<br>Alistair Currie<br>Ed Jenkins<br>John Lewis<br>Deb Oxley<br>Richard Sloss |
| **Company Secretary** | John Lewis |
| **Registered Office** | Capital for Colleagues PLC<br>Ground Floor, Office A<br>No 1: The Design Centre, Roman Way<br>Crusader Park, Warminster<br>BA12 8SP<br>www.capitalforcolleagues.com |
| **Corporate Adviser** | Peterhouse Capital Limited<br>3rd Floor<br>80 Cheapside<br>London<br>EC2V 6EE |
| **Auditor** | Beever and Struthers<br>One Express<br>1 George Leigh Street<br>Ancoats<br>Manchester<br>M4 5DL |
| **Share Registrar** | Share Registrars Limited<br>3 The Millennium Centre<br>Crosby Way<br>Farnham<br>Surrey<br>GU9 7XX |
| **Bankers** | Coutts & Company<br>440 Strand<br>London<br>WC2R 0QS |
| **Solicitors** | DAC Beachcroft LLP<br>25 Walbrook<br>London<br>EC4N 8AF |

# Report and Financial Statements

Capital for Colleagues PLC

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**Front Cover: Bridge Boardwalk Canada Dock. Designed, fabricated and installed by Xylotek Ltd. Architect Asif Khan, photo Luke Hayes.**

# Employee Ownership

## Employee Owned Businesses – ten years on

In 2012 the Coalition Government asked Graeme Nuttall, a lawyer with considerable employee ownership experience and expertise, to conduct an independent review of employee ownership in the UK, and in particular the barriers to its more widespread adoption. On 4th July 2012 the outcome of that review was published; "Sharing success: The Nuttall Review of Employee Ownership". The Coalition Government responded positively to the Review's 28 recommendations and, in particular, that of promoting the trust model of employee ownership. Consequently, the trust model in the form of the Employee Ownership Trust (EOT) received Royal Assent in the Finance Act 2014.

Two of the key recommendations enacted were:

- Business owners can sell their company to an EOT, at fair market value, with zero capital gains tax payable on the proceeds.
- Employees working for an EOT-controlled company (with a minimum 51% shareholding) can benefit from annual tax-free bonuses of up to £3,600, per employee.

## The Autumn Budget 2024

The Employee Ownership sector recognised that the Budget secured the future of the EOT by introducing a number of reforms that clarify how it is implemented. These include:

- Restricting former owners from retaining control of the company post sale to an EOT
- Requiring EOT trustees to be UK resident
- Requiring EOT trustees to take all reasonable steps to ensure the company sale price reflects market value
- Consideration paid to selling shareholders will not be subject to income tax

## EO Sector in the UK

It is now a decade since the EOT ownership structure received Royal Assent, so how successful has it been in driving employee ownership in the UK?

The table below shows how the number of companies transitioning to an EOT structure has grown since 2014. We anticipate that 2024 will be another year where the growth in the number of EOTs will exceed 30%.

**Table 1.0 Growth in EOTs in the UK**

| Year | Cumulative number of EOTs |
|---|---|
| 2014 | 17 |
| 2015 | 55 |
| 2016 | 102 |
| 2017 | 147 |
| 2018 | 219 |
| 2019 | 335 |
| 2020 | 474 |
| 2021 | 576 |
| 2022 | 1,030 |
| 2023 | 1,418 |

Source: The Employee Ownership Association.

Whilst the take up of employee ownership varies regionally across the UK, the top five sectors, by size, showing consistent positive trends are:

1. Professional Services (39%)
2. Manufacturing (13%)
3. Construction (13%)
4. Wholesale and Retail Trade (11%)
5. Information and communications (8%)

# Employee Ownership (Continued)

## C4C's performance since it first invested in employee owned businesses

C4C listed on the Aquis stock exchange in 2014 and its strategy has been unwaveringly consistent – focus exclusively on employee owned businesses (EOBs) by providing advice, investment and growth support, with patient capital for such businesses. The table below shows how the strategy has been successfully executed over the past decade.

**Table 2.0 C4C 2014 to 2024**

| Year end 31 August | Investment in Unquoted EOBs | Net Assets (£m) | NAV per share (p) | Combined annual T/O of portfolio (£m) | Combined no. of employees |
|---|---|---|---|---|---|
| 2014 | 8 | 3.45 | 48.20 | | |
| 2015 | 11 | 4.08 | 53.13 | | |
| 2016 | 16 | 5.25 | 54.54 | | |
| 2017 | 16 | 6.57 | 42.69 | | |
| 2018 | 17 | 6.69 | 43.35 | 75.0 | 615 |
| 2019 | 18 | 6.71 | 43.44 | 99.0 | 854 |
| 2020 | 16 | 7.96 | 52.69 | 98.0 | 856 |
| 2021 | 15 | 10.76 | 69.71 | 53.5 ** | 405 |
| 2022 | 13 | 13.77 | 74.49 | 45.3 | 350 |
| 2023 | 14 | 15.16 | 81.99 | 46.2 | 335 |
| 2024 | 15 | 15.17 | 82.02 | 49.8 | 370 |

(**) The drop in combined turnover and employee numbers in 2021 was mainly due to the realisation of the investments in Anthesis Consulting Group Limited.

## Impact of employee ownership

Last year, the Employee Ownership Association (EOA) commissioned the most comprehensive research programme ever undertaken in the UK, to establish a clear baseline of data on the impact of EOBs in the UK. The standout piece of evidence from the research was that EOBs delivered increased productivity of 8-12% and improved wellbeing and prosperity, compared to similar non - EO businesses.

As EOBs develop and evolve their practices, they drive up both performance and investment as the table below shows.

**Table 3.0 Impact Delivered by EOBs**

| | |
|---|---|
| **Business**<br>• 20% increase in performance, driving revenue increases of up to 43% after becoming EO<br>• 25% more likely to have seen profits grow in the past 5 years post transition<br>• 50% more likely to invest in R&D | **Employees**<br>• 73% more likely to have increased employee satisfaction, motivation and work-life balance<br>• 12% higher investment in training, skills, and on the job development<br>• £2,700 average higher basic wages and share profits. |
| **Economy and Society**<br>• 8-12% more productive per employee<br>• 50% more likely to expand their workforces than other businesses | **Additionally, EO businesses**<br>• Give more to charities and offer volunteering days<br>• Are more likely to have a net zero or carbon neutral strategy in place |

**Source: EO Knowledge Programme**

# **Employee Ownership** (Continued)

## Capital to support EOB transition & growth

Despite the impressive growth over the past decade, the sector still faces a number of challenges, none more so than access to capital. This is a subject C4C has highlighted on numerous previous occasions.

The EOA, in its recent manifesto asked for action on accessible capital for EOBs in 4 particular areas:

- Capital allowances to favour EO & other democratic businesses.
- British Business Bank capital targeted at EOBs.
- Strengthen investor reliefs, particularly around schemes like EIS.
- A Fair Banking Act to ensure easier access to financial services and capital for EOBs.

Whilst the recent Budget did safeguard EOTs, as mentioned above, nothing was forthcoming regarding access to capital. Given the widely reported challenges the current Government believes it faces, we do not envisage any movement in addressing this crucial problem during this Parliament.

## C4C EO Impact Indicators

For many years, C4C has been monitoring the turnover and total employee numbers of its investees and these are shown below as at 31 August 2024. As per prior years, and in response to suggestions from shareholders, we have added some additional metrics relating to progress following C4C's first investment and these are also shown below.

# **Employee Ownership** (Continued)

**Table 4.0 C4C impact statistics**

| EMPLOYEE OWNERSHIP STATISTICS | 2024 £'000 | 2023 £'000 |
|---|---|---|
| **Total turnover of C4C investees** | 51,863 | |
| Less disposals during 2024 | (5,911) | |
| Additions during the year | 3,874 | |
| As at 31st August 2024* | 49,826 | 40,268 |
| * previous year adjusted for 2024 disposals | | |
| **Additional value created for employee owners** (Since first C4C investment) | 34,919 | |
| Less disposals | 450 | |
| Additions during the year | 3,608 | |
| As at 31st August 2024* | 38,977 | 25,194 |
| * previous year adjusted for 2024 disposals | | |
| | **Number** | **Number** |
| **Total number of people employed by C4C investees** | 375 | |
| Less disposals during 2024 | (53) | |
| Additions during the year | 48 | |
| As at 31st August 2024* | 370 | 282 |
| * previous year adjusted for 2024 disposals | | |
| **Since first C4C investment** | | |
| Additional jobs created | 173 | 101 |
| Number of new employee owners | 341 | 265 |
| * previous year adjusted for 2024 disposals | | |

# Chief Executive's Report

The Net Asset Value per share (NAV) at 31 August 2024 was marginally higher than the prior year at 82.02p (2023: 81.99p). Also, a dividend of 2.00p (2023: 1.75p) per share was paid in March 2024.

Although the NAV was broadly flat over the year under review, I am pleased to report that a number of investments made excellent progress during the year. More detail of some of these investments is provided in the highlights below.

The strong trading performance of several companies in the portfolio resulted in net revaluation gains of £0.798m (2023: £1.802m). In the final quarter of the current financial year we reduced the valuations of some earlier stage investments in the portfolio reflecting the challenging and uncertain environment for fund raising in the UK Private Equity and Venture Capital marketplace. These reductions are reflected in the net revaluation gains referred to above.

Loan impairments during the year under review were £0.395m (2023: £0.017m). Regrettably, after struggling in an exceptionally difficult market for many years, Place to Place Logistics Limited (P2P) was placed in administration during the year leading to a substantial write down in the value of C4C's loan book. However we are pleased to advise that C4C was instrumental in recovering part of the business, resulting in the saving of 20 jobs. The new entity is now trading successfully as Emerald Specialist Logistics Limited and the headcount has risen to 26. Further information on C4C's restructured investment is below.

It is pleasing to report that revenue from operations rose by 16% over the previous year and exceeded £1m for the first time at £1.031m. Administrative costs rose by 10.2% to £1.078m.

Dividend income was again a meaningful contributor to revenues but is likely to fall somewhat in the current year due to the recently announced sale of part of our holding in TPS Investment Holdings Limited.

MI Accountancy Solutions Limited (MIA), the accountancy firm acquired last year, has proven to be a successful acquisition providing not just quality accounting services to a number of C4C's investee companies, but also contributing profitability to the Group. MIA has assisted C4C in broadening the support and advice it offers EOBs, whilst at the same time strengthening relationships with existing investee companies.

## Chairman of the Board

Our Chairman, Richard Bailey, has led the Company since its inception in 2013. Richard has intimated his intention to retire at the Annual General Meeting following the financial year to 31 August 2025.

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

## New Investment

**Rapid Retail Limited (RRL)**

RRL was established in 2007 and is based in the West Midlands. RRL designs, sells, refurbishes and rents portable shops, retail kiosks and retail merchandising units. These products are typically used at sporting and entertainment venues to augment existing merchandise, food and beverage sales. RRL's clients include the majority of the Premier League and major European Champions League football clubs, racecourses, other sporting venues and concerts. RRL's products are also used to augment conventional retail parks at times of development, refurbishment and under capacity.

C4C has invested a total of £0.500m in RRL: £0.100m through the acquisition of existing ordinary shares and £0.400m through the provision of a secured convertible loan. C4C invested alongside Harrock Capital Partners, a private investment company controlled by Bill Ainscough, a non-executive Director of Capital for Colleagues.


Paris Olympics official merchandise retail unit supplied by Rapid Retail Ltd.

# Chief Executive's Report (Continued)

## Restructured Investment

**Emerald Specialist Logistics Limited (ESL)**

Following the administration of P2P, ESL was established as a new company to acquire from P2P's administrator certain assets and the part of P2P's business which related to the time-critical delivery of radiopharmaceutical products. P2P's challenges related entirely to its traditional haulage activities, which ESL did not acquire.

ESL currently has 26 employees, including 20 former P2P drivers, delivering time-critical, radiopharmaceutical products from the manufacturer to a range of hospitals and medical centres. This business is now growing profitably and all employees will shortly be offered the opportunity to become shareholders in the company.

## Additional Investment

**Bright Ascension Limited (BAL)**

During the year C4C invested £0.750m into a Convertible Loan Note (CLN) with an interest rate of 10% per annum. The interest on the CLN will be rolled up until the conversion date and will then either be paid in cash or converted into equity. This investment formed part of a £2.250m funding round alongside other existing investors to enable BAL to accelerate the development and market release of its HELIX products, which offer a comprehensive end-to-end space software solution, covering the entire mission lifecycle. As previously announced, HELIX has been selected to form the foundation for the 3-4 year OS2-VOLT mission, led under the ESA ScyLight Programme. The OS2-VOLT mission is led by another C4C investee company, Craft Prospect Limited.

## Working Capital Funding

We advanced short term loans totalling £1.053m (2023: £0.762m) to seven existing investees; 2C Services Limited, Computer Application Services Limited, Emerald Specialist Logistics Limited, Hire & Supplies Limited, Place to Place Logistics Limited, The Security Awareness Group Limited and The Real Outdoor Xperience Limited, providing those companies with additional short term working capital.

During the year, loan repayments of £1.331m (2023: £0.969m) were returned from six existing investees.

## Realisations

There were no major realisations during the year but we reduced our exposure to Computer Application Services Limited resulting in a significant gain over the original cost.

## Highlights

Many of the companies in the portfolio made good progress during the year at the operating level and some highlights are provided below. Further details on all of the company's equity investments can be found in the following section of the Annual Report and on C4C's website.

***Computer Application Services Limited (CAS)***

CAS is a developer of case management software branded as Workpro. Since our initial investment in 2016, CAS has grown its client base significantly in both its traditional public sector markets and newer markets that it has targeted in the private sector. Over the last year, Workpro recurring revenue grew by 25% to almost £2.2m per annum, covering an increasingly significant proportion of the company's cost base. It is particularly pleasing to note that growth continues to come from both new clients won as well as increased revenues from existing customers. The strong growth achieved by CAS has led to a further significant increase in the valuation of our holding. Despite the sale of part of our holding, as mentioned above, the investment in CAS remains one of the largest holdings in C4C's portfolio.

***Craft Prospect Limited (CPL)***

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

Last year a major accomplishment for CPL was winning the competitive OPS-SAT Versatile Optical Laboratory for Telecoms (OS2-VOLT) Mission for the European Space Agency, which is also funded by the UK Space Agency. This project is being led by

# **Chief Executive's Report** (Continued)

CPL and will incorporate a range of CPL's previously developed technologies on board, including QKD, Space hardware and autonomous operations software. The Telecom Directorate of ESA under the ScyLight programme will evaluate and test radical new techniques and technologies in real time in a Low Earth Orbit (LEO) environment. The project will deliver over €19.0m (including partner costs and match funding) in revenue to CPL over the next 4 years. Changes in scope have resulted in an uplift of more than €8.0m over the original contract award.

One of the other UK consortium members (also based in Scotland) is BAL, which is also a C4C investee company. BAL is involved with the development and delivery of flight software. AAC Clyde Space, another notable Scottish based satellite business, joined the consortium during the year and will be responsible for providing the space rocket to transport this satellite into orbit.

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

MCL is a UK based automotive engineering and manufacturing company. MCL will produce the Morris JE van, based on the iconic 1950s Morris J-Type van. Uniquely for the sector, the Morris JE van is constructed from recycled carbon fibre and aluminium, endowing it with considerably greater efficiency and payload than its more conventional rivals. The vehicle therefore has appeal for both aesthetic and practical reasons and the initial business plan projects profitability at 1,000 vehicle sales per annum.

Highlights of the year include enquiry levels rising to over 6,000 and an approach from the People's Postcode Lottery to brand and use one of the Morris JE prototypes within a recent television advertising campaign where it has already been widely seen being driven by celebrity Tom Allen. After considering a wide range of other options the company is currently close to agreeing terms with the Welsh Government to commence volume manufacture in St Athan near Cardiff during the current year.

***Rapid Retail Limited (RRL)***

Our recent new investment, RRL has already performed extremely well and has exceeded all expectations at the time of investment. With further investment from RRL's investors, the previous major barrier to growth, lack of suitable funding, has been removed and the business is currently going from strength to strength.

***TPS Investment Holdings Limited (TPS)***

TPS is a market-leading provider of infrastructure products for water, energy, housing and transport markets on the island of Ireland via depots in Lisburn and Dublin. There is considerable pent-up demand in all of these sectors, including the recent announcement of major new inter-governmental plans for the integration and expansion of the rail network across the island of Ireland.

The current year has seen a pause in the recent exceptional rate of business growth, with some infrastructure investments on temporary hold, but this has enabled the business to continue to strengthen its finances and its management development programme and secure long awaited additional premises in Cork ahead of an anticipated very busy 2025. This strong position and TPS's strong growth prospects have been reflected in the value at which C4C has been able to attract the interest of additional investors in the business and rebalance our portfolio accordingly.

## Dividend

The Board of C4C believes that where profitable realisations occur, it would be appropriate to distribute some of these gains to shareholders. A final dividend of 2.10p (2023: 2.00p) per ordinary share will be paid on 7 March 2025 to shareholders on the register on 7 February 2025.

## Outlook

The current economic outlook for the UK is demanding, with forecasts for economic growth scaled back and expectations that interest rates will remain higher for longer than previously anticipated. In addition, the recent UK Budget has imposed unexpected, additional costs on business that will significantly impact the profit margins of many companies.

Most of our investees are mainly exposed to the UK economy so there are clearly a number of headwinds that will pose challenges in the year ahead. Regardless of such a scenario, we are confident that EOBs will display the additional resilience and flexibility that will be required to continue to prosper.

Alistair Currie
Chief Executive Officer
Date: 22 January 2025

# Capital For Colleagues - Investment Portfolio

## Capital for Colleagues plc Investment Portfolio

Profiles of all the companies where C4C has an equity investment are provided below along with website links for those seeking additional information on these companies.

## Bright Ascension Limited

**www.brightascension.com**

Bright Ascension (BAL) is a space software technology provider with employees in Edinburgh, Dundee and Bristol. The company provides unique software products, software development services and R&D consultancy. BAL specialises in innovative model-based flight software, mission control software and tooling to support the assembly, integration, verification and operation of satellites as well as addressing the wider problem of effectively and efficiently delivery valuable services from space.

BAL was founded in 2011 to offer a fresh and innovative approach to space software. Initially, the company provided consultancy services for the European Space Agency (ESA) and large aerospace companies. In 2012, the team was given the opportunity to lead software development for UKube-1, the UK's first ever CubeSat, funded by the newly-formed UK Space Agency, which culminated in the successful launch in July 2014. The success of the UKube-1 project provided the foundation for the development of the company's space software product suite and established flight heritage for the company. Since then, the company has worked with more than 40 customers across the globe and has supplied software products and services for a wide range of satellites and space missions. Today, more than 50 spacecraft have reached orbit making use of Bright Ascension's software either on-board the satellite, on the ground or both. 2025 will see further customer launches, including some which were delayed by launch schedule changes, from 2024.

In August 2021 BAL raised £1.0m of additional equity to match development funding that was awarded to the company as part of an ESA project. A further £0.5m of equity funding was raised in January 2022 from a new investor. This funding was applied for the initial stages of development of HELIX, the company's next generation end-to-end solution for the delivery of space-based services, closing the gap in the market for the provision of single-source full-cycle satellite software. This early development phase closely correlated to the company's participation in the ESA's ARTES Pioneer programme, a multi-year project set to design and develop a cutting-edge solution which will enable a wide range of companies to create innovative satellite constellation services at a significantly reduced cost and within a reduced timeframe.

In October 2023 C4C led a significant investment round of £2.25m into BAL alongside other existing shareholders. Our combined investment enabled Bright Ascension to release HELIX Flightkit, the first product of its ground-breaking HELIX suite, make significant progress towards the release of HELIX Ops, and build up commercial capability to secure a valuable pipeline of prospects for HELIX products. Strong commercial interest, including initial sales of HELIX Flightkit, demonstrate the power of the HELIX suite which will offer a comprehensive end-to-end space software solution, covering the entire mission lifecycle.

HELIX has been selected to form the foundation for the 3-4 year OS-VOLT mission, under the ESA ScyLight Programme. The OS-VOLT mission is led by another C4C investee company, Craft Prospect Limited. The mission is designed to evaluate and test radical new real-time techniques and technologies in low Earth orbit, aiming to demonstrate products and services within a Versatile Optical Laboratory for Telecommunications.

BAL knows that there is a strong demand in the market for an integrated all-encompassing solution that seamlessly bridges the gap between space- and ground-based software development. The forthcoming OS-VOLT mission serves as a powerful testament to this demand and provides us with the perfect platform to showcase the remarkable capabilities and advantages of optimising integration between spacecraft development and the efficient delivery of data insights to end-users.

## Carpenter Oak Group Limited (trading as Carpenter Oak & Xylotek)

**www.carpenteroak.com**

Carpenter Oak Group (COG) has been a leading and award-winning provider of predominantly hand-finished oak framed buildings and structures since the late 1980's. It operates from yards in SW England and Central Scotland, employing around 63 skilled designers and craft carpenters. COG has completed hundreds of projects of all sizes in the UK and overseas, some with a value in excess of £1.0m, and including high profile works.

The early days of C4C's involvement were difficult against a backdrop of adverse market conditions and strong price-based competition. More recently a revised management team has successfully stabilised the business which is now growing and has now concluded a transaction in which the Employee Trust has increased its stake in the company to 51%. The company has recently acquired a competitor business, Xylotek, which is applying advanced structural timber and composite engineering to the reduction of carbon in the construction of commercial buildings and architectural statement projects such as the ABBA Arena.

# Capital For Colleagues - Investment Portfolio (Continued)

Garsington Opera Arts hub balcony designed and installed by Carpenter Oak Ltd.

## Computer Application Services Limited

**www.casltd.com**

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

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

CAS's strategy is to build recurring revenue through the sale of annual Workpro licences with associated support revenue including the provision of hosting which is now a profit centre in its own right. The quality of the CAS offering is highlighted by the exceptionally high client retention rate and increasing evidence that CAS is winning new clients in competition with more established rivals.

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

## Craft Prospect Limited

**www.craftprospect.com**

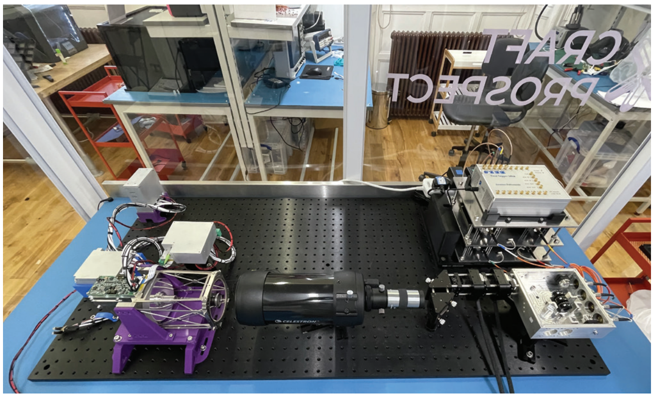
Craft Prospect Limited (CPL) is a space engineering business founded in 2017 and based in Glasgow. CPL designs and delivers mission applications principally for the small (nano) satellite market. The company has particular expertise in three areas:

1. Satellite missions and systems engineering
2. Products and technology development to support missions e.g. forward looking imager (FLI camera)
3. Developing emerging technologies like secure Quantum communications (Quantum Key Distribution)

CPL now employs 32 people and it is looking to augment its capability with specialist space engineering skills. It continues to make good progress on the flagship European Space Agency (ESA) and the UK Space Agency (UKSA) funded €19.4m OS2-VOLT project, which is due for flight in Q1 2026. The project comprises a number of UK and European space contractors.

CPL's strategy is to grow the business aggressively through both commercial and research based projects, with the latter providing in-house capability that can be further developed for commercial clients.

The employees, through an Employee Ownership Trust (EOT), a Share Incentive Plan (SIP) and direct holdings, own over 60% of the business.



VOLT space to ground Laser communications system in Craft Prospect Ltd.

# Capital For Colleagues - Investment Portfolio (Continued)

## Emerald Specialist Logistics Limited

Following challenges with its operating model, C4C's previous interest in Place 2 Place Logistics Limited (P2P) has been restructured into a new company, Emerald Specialist Logistics Limited, which employs 26 drivers & staff (20 of which were previously employed by P2P) delivering time-critical radiopharmaceutical products from the manufacturer to a range of hospitals and medical centres. This business is now growing profitably and all employees will shortly be offered the opportunity to become shareholders in the company.

## EO MSP Holdings Limited (Trading as 2C Services Limited)

**www.2cservices.co.uk**

2C Services (2C) is an information technology service provider based in the South of England, with its own state of the art private cloud-hosting infrastructure. It offers front line support of flexible and customised hosting solutions for desktops and services with offsite backup and replication, and virtual disaster recovery with a particularly wide service offering to an SME customer base to which it sometimes acts as their dedicated "Internal IT Department".

In a number of cases C4C has found that the transition to EO from a former corporate or individual owner has highlighted the need for a new IT service provider or a more responsive IT service. This has resulted in a number of successful referrals being made to 2C and has also facilitated the growth of existing C4C investees.

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

The company is now well established, profitable and growing with employee ownership as a realistic exit option for its founders in due course.

## Hire and Supplies Limited

**www.hireandsupplies.com**

Hire and Supplies Limited (H&S) is a plant and tool hire business with high levels of customer service, operating from two locations in the west of Scotland, in areas where national competitors are comparatively weak. It provides an extensive range of equipment into a wide range of local markets, which whilst being capital intensive, provides a considerable degree of operating resilience.

In 2014 C4C facilitated the management buyout of the trade and assets of H&S from the administrator of a previously well-established business. Having secured the return of its initial loan, C4C has since reinvested in equity and supported management to grow the business significantly through retaining profits and leveraging a hire fleet which has grown to almost £10m in value since the management buyout.

C4C is supporting the growth of Employee Ownership as a possible exit option for existing management and owners, with new recruits being introduced to the EO culture. The company also provides high quality skilled employment prospects in the relatively remote areas in which it operates. C4C has recently introduced further investors in the business and re-organised and increased its own stake.

## The Homebuilding Centre (Holdings) Limited (trading as the National Self Build and Renovation Centre - NSBRC)

**www.nsbrc.co.uk**

The NSBRC is currently the UK's only permanent exhibition centre for self-build, renovation and home improvement. Based in a 67,000 sq. ft. building at Junction 16 of the M4 near Swindon, the centre is designed specifically to meet the needs of anyone looking to undertake a self-build, renovation or home improvement project.

The centre contains 4 full-size exhibition houses on permanent display, as well as educational areas featuring an array of exhibitions covering groundworks and foundations, to building systems and roof types, plus a full-scale renovation house, that takes visitors through the journey of a major renovation project. The NSBRC is free to visitors with revenue coming from over 250 permanent exhibitors augmented by training courses and third party conferences and events.

The business and its sector enjoy considerable cross-party political support and the centre regularly plays host to senior members of parliament and television news channels.

Established in 2007, C4C was instrumental during 2013 and 2014 in securing the survival of the business after a period of financial crisis and in successfully establishing it as an employee owned business. The NSBRC has since become an exemplary EOB with strong leadership and engaged and committed employees who now own 87% of the ordinary shares in their business and are progressively redeeming C4C's preferential initial investment.

# Capital For Colleagues - Investment Portfolio (Continued)

These qualities have enabled the NSBRC to meet or exceed all financial targets agreed when C4C first invested with all employees participating in resulting dividends and bonuses as well as significant financial returns to C4C.

A renewed public interest in energy efficiency is currently opening up new business opportunities for the NSBRC. A winner of multiple business awards, the company has most recently been working to achieve B Corp status.


Kristina House (Conferencing Executive) and Harvey Fremlin (Managing Director) celebrating the NSBRC's accreditation granted by the Good Business Charter.

## Morris Commercial Limited

**www.morris-commercial.com**

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

In March 2023, C4C invested £1m, alongside two other investors who provided £7m. This investment is enabling the company to significantly increase its R&D spend, engineering certification and production.

Based on its existing prototype vehicles, the company has secured considerable interest and pre-orders for its vans. The company is in the final stages of agreeing terms with the Welsh Government for a manufacturing facility at St Athan in South Wales.


Morris Commercial prototype JE van at the Bicester Heritage site. Photo Lewis Hurley.

## Rapid Retail Limited

**www.rapidretail.co.uk**

Rapid Retail (RRL) is a business that designs, rents, sells and refurbishes portable shops, retail kiosks and retail merchandising units. These units are typically used to augment merchandise, food and beverage sales for football clubs, at horse racecourses, other sporting events and concerts. They are also used to augment conventional retail parks at times of development, refurbishment and under capacity.

In the absence of direct competition RRL has a very strong presence with many leading sporting venues including most Premier League and Champions League football clubs and leading retailers such as Tesco and the Co-op. C4C invested alongside co-investors in December 2023 providing additional working capital for growth. The business has subsequently exceeded all expectations at the time of investment and with further investment available as required the previous main barrier to growth has been removed and the business is currently going from strength to strength.


Stoke City Football Club official retail merchandise unit supplied by Rapid Retail Ltd.

# Capital For Colleagues - Investment Portfolio (Continued)

## The Real Outdoor Xperience Limited

**www.realoutdoorxperience.co.uk**

The Real Outdoor Xperience (ROX) is an outdoor recreation centre originally established in 1979 on its current 53 acre site, which includes a 47 acre lake in the Cotswold Water Park area.

With the support of C4C, the senior team acquired the business in 2019. Since then, all full time employees have become direct shareholders via a Share Incentive Plan, in addition to being beneficiaries of an Employee Ownership Trust.

The centre offers over a dozen activities including kayaking, sailing, open water swimming, a high ropes climbing tower, archery and team-based raft building.

The business is traditionally seasonal and relies on the Spring and Summer period to generate the majority of its annual revenue. Whilst the 2024 summer weather was mixed, the “pay & play” activities performed reasonably well, and the Lodge café and the Lounge bistro continued to provide more than half the company’s income.

High ropes and skyline climbing tower at the Real Outdoor Xperience.

## The Security Awareness Group Limited (trading as TSC)

**www.thesecuritycompany.com**

TSC delivers cyber security awareness training for employees of blue-chip and SME companies in the UK and internationally. It has the resources to deliver bespoke and on-line learning projects in over twenty languages.

The cyber security and metaverse threat continues to increase for businesses. In order to address this challenge, TSC has changed strategy to focus on service and project delivery through a Human Risk Management (HRM) platform. This enables companies and Chief Information Security Officers to manage their cyber security training regime in-house, or to subscribe to a managed service, security-as-a-service, delivered by TSC and its platform partner. The strategic tie-up with a specialist platform provider was undertaken during the year. This will take time to become established, but we expect this to deliver significant growth opportunities over the forthcoming financial year.

Most of the employees participate in the company Share Incentive Plan and are also beneficiaries of the EOT.

## TPS Investment Holdings Limited (trading as Total Pipeline Solutions “TPS”)

**www.total-pipeline.com**

Total Pipeline Solutions (TPS) sources, markets and distributes a specialist range of pipes, valves, fittings and other associated products for the public utility and private development markets throughout the Republic of Ireland and Northern Ireland, with particular focus on the water market.

Operating from two branches near Dublin and Belfast, both businesses are well established and TPS was one of C4C’s first investments in 2013, supporting the buyout by current management with all-employee participation in profit and capital growth established from the outset. This has been adapted over time to fit within the Irish jurisdiction where the business is registered and where the concept of Employee Ownership is now becoming more widely recognised.

The Northern Irish market has been difficult for a number of years through lack of local government water infrastructure spending, but TPS has been able to trade profitably and is well positioned for future capital expenditure programmes. However, TPS is the clear market leader in its field in Ireland and has been able to build on its experience in the UK water markets.

As a result, Group profit and all-employee distributions have risen steadily over the years along with dividends to C4C and the business has strong leadership, continuing growth prospects and a positive employee ownership culture. The company is currently seeking to establish a third distribution depot in the Cork area.

C4C has recently rebalanced its portfolio by selling just under half of its holding in TPS to C4C co-investors Harrock Capital Partners and TJ Morris (Investments) Limited.

# Sustainability Report

## Environmental, Social and Governance (ESG) factors

One of the criticisms aimed at companies that emphasise ESG practice is that it perpetuates what it was partly designed to stop – greenwashing.

Whilst benefits can be derived through the genuine implementation of ESG activity, the concern exists that it encourages companies to adopt ESG initiatives simply as a 'box-ticking' exercise to ensure that they meet the minimum expectations of investors, employees and customers.

The 2023 '*Knowledge Programme – People Powered Growth Report*', commissioned and released by the EOA , demonstrates that employee ownership  results in a strengthening of commitment to sustainability and social matters. EO business leaders recognise that running a business ethically and with a focus on ESG factors is good business. It also helps to attract and retain staff.

## The Evidence

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

**Environmental and sustainability factors**

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

Whilst recognising some investors' wariness about a focus on ESG factors, C4C continues to look to sustainability in its own business as well as encouraging a similar approach from companies in which we invest. This table summarises current sustainability activity.

# Sustainability Report (Continued)

| Sustainability activity | |
|---|---|
| **Environmental** | |
| **Climate change: C4C** | Carbon and environmental footprint reduction.<br>• C4C employees and investee businesses which make up the C4C portfolio are located throughout the UK and Ireland. Business as usual contact amongst employees and investee management teams is done through TEAMS or Zoom calls. However, some travel is inevitable and employees are encouraged to use public transport if possible/ practical.<br>• C4C has in place a scheme to enable employees to lease electrical or plug-in hybrid electrical vehicles (EVs or PHEVs.)<br>• C4C has a small main office, in Wiltshire, occupied by two people only. Minimising waste and practicing “reduce / reuse /recycle” is actively encouraged wherever possible. |
| **Climate change: investees** | • We have investments across a wide range of business sectors in our investment portfolio. All of our investees are aware of the importance of sustainability and are encouraged to reduce their carbon footprint and environmental impact. |
| **Social – Society and Community** | |
| **C4C** | • As an equal opportunities employer, we are committed to creating and ensuring a non-discriminatory and respectful working environment for our staff.<br>• Diversity, equality and inclusion continues to be an item with Board attention. We provide a range of benefits including: profit share, tax advantageous share ownership, medical insurance, pension contributions, maternity / paternity leave and support for EVs and PHEVs. The practice of salary sacrifice is used under appropriate HMRC guidelines.<br>• We support professional skills development for our staff. |

# Sustainability Report (Continued)

| | |
|---|---|
| **C4C culture** | C4C has values based on:<br>• Fair Capitalism. EO investee businesses are managed to be profitable for the long-term through re-investment in the business. Distributable profits are shared fairly amongst employees and other shareholders.<br>• Investing Patient Capital. We support our investees with our capital and time – for the long-term.<br>• Integrity. We treat all our stakeholders ethically, honestly and fairly.<br>• We openly share our information internally – financial and operational, whilst maintaining the required levels of confidentially with our investees' sensitive information.<br>• We are inclusive not exclusive. |
| **Investees** | • We expect and believe that all our investees are equal opportunities employers, committed to a non-discriminatory and respectful working environment for their staff.<br>• They pay at least the minimum wage to all staff and more competitive remuneration where possible.<br>• When able to do so, they share their profits fairly with all employees and shareholders<br>• They support their communities through charitable work, sponsorship, open days etc.<br>• They are well managed businesses with engaged employees – who "think, act & behave like co-owners" |
| **Governance** | |
| **C4C** | The board of C4C applies a high standard of corporate governance, applying the QCA code wherever practical. |
| **Investees** | All of C4C's investees exhibit the following governance characteristics:<br>• Regular board meetings are held, monthly or quarterly.<br>• Meaningful employee share ownership through HMRC approved share schemes.<br>• Typically a corporate trustee is in place to manage the EOT, usually with three directors – a company executive, an independent and employee elected representative.<br>• The EOT & company boards hold periodic meetings. |

# Strategic Report

The Directors present their Strategic Report for the year ended 31 August 2024.

## Principal Activities

The Group is an investment group focused on the employee-owned business sector. The Group has a clear strategy aimed at investing in established, mainly UK-based, EOBs as well as assisting companies which are looking to launch employee ownership schemes, providing the capital to help them achieve their objectives. Capital for Colleagues plc (the Holding Company) holds 100% of the share capitals of both MI Accounting Solutions Limited (a trading company) and C4C Ownership Partners Limited (a dormant company).

## Risks And Uncertainties

The Group's activities inevitably expose it to a range of risks, predominantly financial in nature. These risks are identified, monitored and proactively managed including mitigation where appropriate.  However, given that the Group seeks to generate returns consistent with those typical of equity-type investments, it is not possible nor desirable to seek to remove risk completely.

The key risks are:

**Liquidity risk**

The Group seeks to ensure that it has sufficient liquidity, not only to pay its expenses as and when they fall due, but also to ensure that it is able to commit funds to attractive investments within required timescales. Funds which are not immediately required for investment in unquoted EOBs may be retained on deposit or invested in quoted EOBs or in other investments offering a better return than would be available from remaining in cash. Due regard is given to the need to realise cash at relatively short notice. The Group believes that it has sufficient expertise to select appropriate investments.

**Market risk**

In the case of investments made in unquoted EOBs, the market risk relates to the underlying business models within those entities. This source of market risk is managed by active review of each investee business through regular contact with management of the EOBs and review of management information, financial data and business plans. Due diligence work is undertaken ahead of making investment decisions and it is the Group's practice to monitor progress on an ongoing basis.

**Credit risk**

This arises predominantly from the Group's exposure to companies to which it has extended a loan or where it has invested in debt-like instruments and thereby receives the majority or entire return from regular interest or interest-like payments. Due diligence work is undertaken ahead of making such commitments and it is the Group's practice to monitor progress on an ongoing basis.

## Key Performance Indicators

The Chief Executive's statement and Business Review within these financial statements, together provide detail in terms of the Group's most recent period of activity. Ultimately, the Board and investors will predominantly judge success based on progress in the net asset value per share of the Group.

## Business Review

The Group's core investment focus is on private EOBs and to this end the Group ended the period with a portfolio of 15 (2023: 14) unquoted EOBs with the Group's investments (including short-term loans) being valued at £14.230m.  Each of the unquoted investments is included at the Directors' assessment of fair value, which is calculated in accordance with International Private Equity and Venture Capital Guidelines.

The loans and investments made by C4C to unquoted EOBs are aimed at delivering equity-like returns to our own shareholders. Each loan or investment is tailored within the context of the individual investee company's operating performance and specific working capital and longer-term

# Strategic Report (Continued)

## Financial Review

Revenue from operations of £1.031m was consistent with the prior year (2023: £0.887m), with an increasing amount of income derived from management fees and dividends receivable (see note 4).

At £0.798m, net fair value gains were lower than last year's figure of £1.802m due to specific transactions completed during the prior year period. The impairment charge for loan receivables during the year was £0.395m (2023: £0.017m)

The group reported a profit of £0.376m (2023: £1.712m) this year, which produced basic and fully diluted earnings of 2.03p (2023: 9.26p) per Ordinary share.

The net asset base of the Group increased marginally from £15.162m in 2023 to £15.168m. The NAV per share was 82.02p (2023: 81.99p) and the cash flow statement reflects an active and positive year.

At the end of the year, the Group's portfolio of unquoted investments (excluding loans) was valued at £11.413m (2023: £11.070m) and comprised 15 companies operating across a range of sectors which generated total turnover of around £49.8m per annum and supported approximately 370 jobs. We measure our success by an increasing NAV per share.

The directors propose to pay a dividend for the year of 2.10p per share. (2023: 2.00p) as disclosed in note 9.

The Group did not hold any publicly traded investments at 31 August 2024 (2023: £nil).

## Unquoted Investments

The loans and investments made by the Group to unquoted EOBs are aimed at delivering equity-like returns and the loans bear interest at appropriate commercial rates. Each loan or investment is tailored to the individual investee company's operating performance and specific working capital needs.

At 31 August 2024, the Group's portfolio of loans and investments was valued at £14.230m (2023: £13.500m) and comprised the following:

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| Investments | 11,413 | 11,070 |
| Long term loans | 1,842 | 799 |
| **Total investments and long term loans** | **13,255** | **11,869** |
| Short term loans | 975 | 1,631 |
| Other loans advanced | - | - |
| **Total unquoted investment portfolio** | **14,230** | **13,500** |

As at 31 August 2024, the Group's portfolio of unquoted investments, excluding short term loans, was valued at £13.255m (2023: £11.869m) and comprised 15 (2023: 14) companies operating across a range of sectors. The portfolio breakdown is detailed on the following page.

Each of the unquoted investments is included at the Directors' assessment of fair value, in accordance with International Private Equity and Venture Capital Guidelines. As the underlying businesses behind our investments evolve and mature, the basis of valuations of some specific investments has been updated for this year.

# Strategic Report (Continued)

## Unquoted Investments

As at 31 August 2024 the portfolio excluding short term loans comprised 15 (2023: 14) companies operating across a range of sectors as shown in the table below:

| INDUSTRIALS | | 2024 % of Portfolio | 2023 % of Portfolio |
|---|---|---|---|
| ***Construction and Materials*** | • Carpenter Oak Group Limited<br>• Ecomerchant Natural Building Materials Limited<br>• TPS Investment Holdings Limited | | |
| ***Support Services*** | • Emerald Specialist Logistics Limited<br>• Flow Control Company Limited<br>• Hire and Supplies Limited<br>• Rapid Retail Limited<br>• The Security Awareness Group Limited | | |
| ***Engineering*** | • Morris Commercial Limited | | |
| **TOTAL INDUSTRIALS: value: £7.061m (2023: £5.343m)** | | **53.27%** | **45.02%** |
| **MEDIA** | | | |
| ***Exhibition Centres*** | • The Homebuilding Centre (Holdings) Limited (trading as The National Self Build & Renovation Centre) | | |
| **TOTAL MEDIA: value: £0.450m (2023: £0.525m)** | | **3.40%** | **4.43%** |
| **TECHNOLOGY** | | | |
| ***Software & Computer Services*** | • Bright Ascension Limited<br>• Computer Application Services Limited<br>• Craft Prospect Limited<br>• EO MPS Holdings Limited (trading via its subsidiary 2C Services Limited) | | |
| **TOTAL TECHNOLOGY: value: £5.445m (2023: £5.653m)** | | **41.08%** | **47.62%** |
| **LEISURE & TRAVEL** | | | |
| ***Recreational Services*** | • The Real Outdoor Xperience Limited | | |
| **TOTAL LEISURE & TRAVEL: value: £0.299m (2023: £0.348m)** | | **2.25%** | **2.93%** |
| **TOTAL UNQUOTED PORTFOLIO value 2024: £13.255m (2023: £11.869m)** | | **100.00%** | **100.00%** |

# Strategic Report (Continued)

## Section 172 (1) Statement

Section 172 of the Companies Act 2006 requires a director of the company to act in a way that he or she considers, in good faith, would most likely promote the success of the company for the benefit of the stakeholders as a whole. In doing this, Section 172 requires a director to have regard, amongst other matters, to the:

- Likely consequences of any decisions in the long-term:
- Interests of the group's employees;
- Need to foster the group's relationships with suppliers, customers, regulators and others;
- Impact of the group's operations on the community and the environment;
- Maintenance of its reputation for high standards of business conduct; and
- Need to act fairly as between the different stakeholders of the group.

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

Capital for Colleagues PLC is an investment company quoted on the Aquis Growth Market (Apex sector) and its members will be fully aware, through detailed announcements, shareholder meetings and financial communications, of the Board's broad and specific intentions and the rationale for its decisions.

The Group pays its employees and creditors promptly and keeps its costs to a minimum to protect shareholders funds. When selecting investments, issues such as the impact on employee ownership, the community and the environment have actively been taken into consideration; as is clear from the portfolio set out elsewhere in these annual accounts.

The application of the section 172 requirements can be demonstrated through the range of investments that the Group holds as described earlier in this report. These investments have been chosen to maximise profits for our members, whilst ensuring they meet our requirements on their impact on employee ownership, the local communities and the environment.

## Approval

This report was approved by the Board of Directors and authorised for issue on 22 January 2025 and signed on its behalf by:

Alistair Currie
Chief Executive Officer

# Directors' Remuneration Report

The Directors present the Directors' Remuneration report for the year ended 31 August 2024.

## Consideration by the Directors of matters relating to Directors' Remuneration

The Company has established a Remuneration & Nominations Committee to consider Directors' remuneration and it has not sought advice or services from any person in respect of this issue during the period under review although it expects, from time to time, to review the fees against those paid to boards of directors of comparable organisations.

## Directors' remuneration policy report

The Directors' remuneration policy is reviewed annually by the Board.

The policy is for the Directors to be remunerated in the form of salaries, payable monthly in arrears. The executive directors are also entitled to participate in the company's SIP. Annual bonuses are also payable to executive directors dependent upon performance.

The Board is also entitled to be repaid all reasonable travelling, subsistence and other expenses incurred by them respectively while conducting their duties as Directors. No other remuneration or compensation was paid or payable by the Group during the period to any of the Directors. There will be no payment for loss of office unless approved by a separate shareholder resolution. No loss of office payments have been made.

## Major decisions on Remuneration

The policy is that the salaries payable to each Director should reflect the time spent by the Directors on the Group's affairs and the responsibilities borne by each of the Directors. They should be sufficient to attract candidates of high calibre to be recruited. The Remuneration policy is to review the Directors' fee rates from time to time, benchmarking the fees against comparable organisations and appointments, although such review will not necessarily result in any change.

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

## Directors' remuneration

| | 2024 Salaries £'000 | 2024 Bonuses (*) £'000 | 2024 Pension payments £'000 | 2024 Share based payments £'000 | 2024 Total £'000 | 2023 Total £'000 |
|---|---|---|---|---|---|---|
| **Executive-Directors** | | | | | | |
| Alistair Currie | 106 | - | - | 7 | 113 | 169 |
| John Lewis | 65 | - | 14 | 7 | 86 | 140 |
| **Non-Executive Directors** | | | | | | |
| Richard Bailey | 30 | - | - | - | 30 | 25 |
| Bill Ainscough | 22 | - | - | - | 22 | 20 |
| Ed Jenkins | 22 | - | - | - | 22 | 20 |
| Deb Oxley | 22 | - | - | - | 22 | 7 |
| Richard Sloss | 22 | - | - | - | 22 | 20 |
| **Total** | **289** | **-** | **14** | **14** | **317** | **401** |

(*) In addition to the above, a bonus provision of £51,000 has been provided for in accordance with the bonus rules to the Executive team, including Executive Directors. No decision has yet been made over the allocation between individuals.

# Directors’ Remuneration Report (Continued)

## Directors’ interests in shares

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

| | At 31 August 2024 | | At 31 August 2023 | |
|---|---|---|---|---|
| | No. of ordinary shares | Percentage (%) | No. of ordinary shares | Percentage (%) |
| Bill Ainscough | 2,973,251 | 16.08 | 2,489,588 | 13.47 |
| Alistair Currie | 788,446 | 4.26 | 733,818 | 3.97 |
| John Lewis | 360,301 | 1.95 | 333,089 | 1.80 |
| Richard Bailey | 248,835 | 1.35 | 201,335 | 1.09 |
| Ed Jenkins | 136,131 | 0.74 | 136,131 | 0.74 |
| Richard Sloss | 111,775 | 0.60 | 111,775 | 0.60 |
| Deb Oxley | 12,800 | 0.07 | NIL | NIL |

## Directors’ service contracts

The policy is to offer service agreements to executive and non-executive directors with notice periods of 3 or 6 months.

The remuneration package of the executive directors comprises basic salary, contributions to defined pension scheme arrangements, share-based payments and benefits in kind such as medical insurance as noted above.

The remuneration package of the non-executive directors comprises basic salary only.

## Consideration of Shareholder views

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

## Company Performance

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

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

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

Richard Bailey.

Richard Bailey
Chairman

Date: 22 January 2025

# Directors' Report

The Directors present their report for the year ended 31 August 2024.

## Principal Activities

Capital for Colleagues PLC is a public company incorporated in England and Wales on 3 October 2013 and was admitted to trading on the Aquis Growth Market on 17 March 2014. The Company became eligible and joined the larger, more established businesses in the Apex segment of the Aquis Growth Market on 27 July 2022. The principal activities of the Group are set out in the Strategic Report on pages 17 to 20.

## Results For The Year

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

## Dividend

The Directors propose to pay a dividend for the year of 2.10p per share (2023: 2.00p). See note 9.

## Going Concern

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

## Directors

The Directors who served during the year were as follows:

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

## Greenhouse Gas Emissions

The Companies (Directors' report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 requires listed companies consuming in excess of 40,000 kWh of energy during the year to disclose its energy and carbon information. The group considers itself to be a low energy user, consuming less than 40,000kWh of energy during the year. Energy and Carbon consumption information has therefore not been disclosed.

## Substantial Shareholdings

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

| | At 31 August 2024 | | At 31 August 2023 | |
|---|---|---|---|---|
| | No. of ordinary shares | Percentage (%) | No. of ordinary shares | Percentage (%) |
| Castlefield Investment Partners LLP | 7,172,651 | 38.79 | 7,743,342 | 41.87 |
| Liontrust Investment Partners Limited | 1,847,423 | 9.99 | 1,847,423 | 9.99 |
| TJ Morris (Investments) Limited (2023: TJ Morris Limited) | 1,847,000 | 9.99 | 1,847,000 | 9.99 |

# Directors' Report (Continued)

## Corporate Governance

The Directors are committed to maintaining high standards of corporate governance, and propose, so far as is practicable given the size and nature of the Company, to comply with the QCA Code.

The Board has established Board Committees for Audit and for Remuneration and Nominations and is committed to developing further policies and procedures which reflect the principles of good governance.

The Group has adopted a share dealing code for the Directors and will take steps to ensure compliance by the Directors and any relevant employees with the terms of this code.

The Directors have established financial controls and reporting procedures which are considered appropriate given the size and structure of the Group. These controls will continue to be reviewed as the Group develops and will be revised accordingly.

| ***Board Composition and Board Committees:*** | |
|---|---|
| C4C has a Board of seven (2023: seven) people as below: | |
| Non-Executive Chair: | Richard Bailey |
| Non-Executive Directors: | Bill Ainscough, Ed Jenkins, Deb Oxley & Richard Sloss |
| Executive Directors: | Alistair Currie & John Lewis |

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

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

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

# **Directors' Report** (Continued)

## Employees

The Group continues to give full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities. The policy includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training and career development and promotion, where appropriate. The Group has continued its policy of employee involvement by making information available to employees on the matters of concern to them.

## Statement As To Disclosure Of Information To Auditors

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the group and company's auditors are unaware. Each of the Directors have confirmed that they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

## Auditors

In accordance with Section 489 of the Companies Act 2006 a resolution will be proposed at the Annual General Meeting that Beever and Struthers be re-appointed auditors.

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

Alistair Currie
Chief Executive Officer

Date: 22 January 2025

# Statement Of Directors' Responsibiltiies

## Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors are required to prepare financial statements in accordance with applicable accounting standards. The Directors have prepared the financial statements in accordance with the UK adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state affairs of the group and the company and the profit or loss of the group for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the Capital for Colleagues plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Independent Auditor’s Report To The Members Of Capital For Colleagues Plc

## Opinion

We have audited the financial statements of Capital for Colleagues PLC (the ‘Company’) and its subsidiaries (the ‘Group’) for the year ended 31 August 2024 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated cash flow statement, the company cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the group and parent company’s affairs as at 31 August 2024 and of the profit for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

## Our approach to the audit

Our audit was scoped by obtaining an understanding of the group’s control environment, including its systems of internal control, and assessing the risk of material misstatement in the financial statements. We also addressed the risk of management override of internal controls including assessing whether there is evidence of bias by the directors which may represent a risk of material misstatement. We tailored the scope of our audit to reflect our risk assessment, taking into account such factors as the nature of the investee companies, the involvement of directors in the day to day management of the business and the accounting processes and controls. The scope of our audit was influenced by our application of materiality. These together helped us to determine the scope of our audit procedures on the individual financial statement line items and disclosures and in the evaluation of the effect of misstatements, both individually and in aggregate to the financial statements. The scope, nature, timing and extent of our audit procedures performed was determined by our risk assessment and was communicated to the Audit Committee through our audit plan.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended 31 August 2024 and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters. This is not a complete list of all risks identified during our audit.

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

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

**1. Valuation of unlisted investments held at fair value by the group**

We focused on the valuation of investments held at fair value as these valuations are material, complex and include estimates and significant judgements.

The valuation of unlisted investments held at fair value is determined by management and the Directors in accordance with the International Private Equity and Venture Capital Guidelines based on the nature of the underlying business which has been invested in.
The methods used include:

- Amortised cost;
- Applying a multiple to earnings and revenue;
- Using net assets; and
- Using recent external valuation prices and recent offers.

Additional focus was made on the valuation of investments which are required to fundraise in the near future to meet their business plans. These include additional management judgement and estimate and represent a significant proportion of the total investment portfolio valuation.

Unlisted investments are included in the financial statements at a fair value of £11.413m (2023: £11.070m).

</td><td>

Our procedures included critically assessing the key judgements and estimates made by the Directors in determining the fair value of unquoted investments at the reporting date. We reviewed and evaluated the valuation methodology applied, by reference to industry practice, and tested the techniques used by management in determining the fair value of the unlisted investment portfolio.

We have:

- Assessed the validity of valuation models that applied comparable quoted company earnings and revenue multiples by assessing the appropriateness of the adjustments made to reflect the differences between the quoted company and the investee company, and checking earnings and revenue data from audited financial statements, and unaudited management accounts for the investee entities;
- Obtained satisfactory explanations after challenging the assumptions made by management in the applicable valuation models;
- Tested the mathematical accuracy and integrity of the valuation models.

This, together with our review of information on the investee entities enabled us to challenge the appropriateness of the methodology and key inputs used, and the valuations themselves.

As described in note 3, '*critical accounting estimates*' there are investments (shares and loans) included in the financial statements at a combined fair value of £1.63m. The full or partial recoverability of these investments is dependent on certain investees' ability to raise the funds they require to proceed with their business plans over the coming months - there is uncertainty around the amount and timing of funding that will be achieved.

We have applied judgement in our review and appraisal of the assumptions and conclusions made by Directors in their considerations and appraisal of the business plans of the investee based on a range of fundraising outcomes and their assessment of the most likely outcome.

Whilst there remains uncertainty in the ability of such investees to raise funding, we have concluded that management have considered a suitable range of outcomes in relation to this uncertainty and have applied appropriate challenge in considering the most likely outcome in determining the fair value of the investment. The disclosure of uncertainty is considered to be fairly disclosed in the financial statements.

We found that management's valuations of unlisted investments were materially supported by the available evidence, and in particular, the assumptions were appropriate and free from management bias.

</td></tr>
</table>

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

| Key Audit Matter | How our audit addressed the key audit matter |
|---|---|
| **2. Impairment of loan receivables**<br><br>We focused on the Directors' impairment review of loan receivables as the amounts are material and include significant judgements.<br><br>The impairment review of loan receivables is determined by the Directors based upon their assessment of each company's ability to repay each loan.<br><br>An impairment provision of £0.203m (2023: £0.150m) is included within the financial statements. | Our procedures included critically assessing the key assumptions made by the Directors in determining the recoverability of the loans at the reporting date.<br><br>We have:<br>• Agreed the existence of the loan receivables to supporting documentation including investment agreements.<br>• Agreed additions and disposals in the year to supporting investment agreements and traced a sample of cash payments and receipts to bank statements in the year and post year end where applicable.<br>• Obtained direct confirmation of the year end loan balances through 3rd party circularisation.<br>• Performed predictive analytical procedures to ascertain expected loan interest receivable and compared this to the amounts recognised in the year.<br>• Challenged the assumptions made in determining the recoverability of the loan receivables at the reporting date and considering the security held against the loans.<br><br>We found that the impairment of loan receivables was materially supported by available evidence and explanations.<br><br>In addition, and as described fully within Key Audit Matter 1), we draw your attention to our audit work and conclusions made to those investments (shares and loans) within the financial statements with a combined fair value of £1.63m. The full or partial recoverability of these investments is dependent on certain investees' ability to raise the funds they require to proceed with their business plans over the coming months - there is uncertainty around the amount and timing of funding that will be achieved. |

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

## Our application of materiality

Our audit work is based upon an assessment of materiality to identify misstatements contained in the financial statements considered fundamental to the reader. We consider the materiality of a misstatement to the class of transaction or balance to which it belongs and the overall impact of the balance on the statement of income and retained earnings account and the statement of financial position. An item would be considered material to the financial statements if, through error or non-disclosure, the financial statements would no longer show a true and fair view.

The materiality for the financial statements as a whole was set at £278,000 (2023: £278,000) which represents approximately 1.75% (2023: 1.75%) of gross assets. Gross assets are considered a suitable benchmark as the Group is an investment group which focuses on investments and loan advancements.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality. We also determine lower levels of specific materiality for certain areas such as Board Members' remuneration, related party transactions and certain profit and loss account transactions.

We determined the threshold at which we will communicate misstatements to the Audit Committee to be £14,000 (2023: £14,000) being 5% of materiality. Additionally, we communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The materiality calculated has been applied to our audit work at the planning stage which included, but was not restricted to, a review of the underlying basis of investment valuations and fair value movements during the year and undertaking an evaluation of the systems and controls in place on the core transaction cycles designed to capture and record information for the financial statements disclosures. Materiality was applied to the undertaking of substantive testing including analytical and sample testing on significant transactions and material account balances.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the impact of any potential bad debts on loans advanced as explained fully within the key audit matters section of our report. We concur with management's assessment of the expected credit losses within the loan book and have concluded that management has adequate procedures in place to identify loans that may become impaired over the longer term.
- Reviewing the budgets and forecasts for headroom to meet the ongoing business expenses. The nature of the business is such that the timing of investment opportunities can't be predicted in the long term and therefore long-range business forecasts are not considered a reliable measure of the future performance of the Group and Company. We have reviewed the available cash resources of the business and consider there to be sufficient headroom to meet the ongoing expenses of the business.
- Reviewing management's assessment of the underlying business of the investee companies to identify any potential concerns over the longer-term viability of the investee companies which may cast doubt over the investment recoverability. We concur with management's assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## 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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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

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

obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors’ report have been prepared in accordance with applicable legal requirements.

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

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

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

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

## Responsibilities of directors

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

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

## Auditor’s responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:
- the engagement director ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

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

- we identified the laws and regulations applicable to the group and parent company through discussions with directors and other management, and from our commercial knowledge and experience of the sector in which the business operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group and parent company, including the Regulations governing the AQSE Growth Market (Apex sector), Companies Act 2006 and taxation legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group and parent company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries using data analytic software to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

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

## Other matters which we are required to address

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

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

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

## Use of our report

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

Beever & Struthers

Zoe Fitchett BSc FCA (Senior Statutory Auditor)

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

Date: 22 January 2025

# Consolidated Statement Of Comprehensive Income

| | Note | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|---|
| Revenue | 4 | 1,031 | 887 |
| Fair value gain / (loss) on investments | 7 | 798 | 1,802 |
| Total income from investing activities | | 1,829 | 2,689 |
| Administrative expenses | | (1,078) | (978) |
| Impairment of loan receivables | 13 | (395) | (17) |
| **OPERATING PROFIT** | | 356 | 1,694 |
| Finance income | | 20 | 18 |
| Profit for the year before tax | | 376 | 1,712 |
| Tax credit / (charge) | 8 | - | - |
| **PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR** | | 376 | 1,712 |
| **Earnings per share attributable to the ordinary equity shareholders** | | | |
| Basic and diluted | 10 | 2.03p | 9.26p |

All the activities of the group are from continuing operations.

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

# Consolidated Statement Of Financial Position

Company Number: 08717989

| | Notes | 2024 £'000 | 2023 £'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Intangible fixed assets | **11** | 110 | 110 |
| Tangible fixed assets | **11** | 2 | 2 |
| Investments | **12** | 11,413 | 11,070 |
| Loan receivables | **13** | 1,842 | 799 |
| **TOTAL NON-CURRENT ASSETS** | | 13,367 | 11,981 |
| **CURRENT ASSETS** | | | |
| Loan receivables | **13** | 975 | 1,631 |
| Trade and other receivables | **14** | 350 | 284 |
| Cash and cash equivalents | | 1,238 | 1,986 |
| **TOTAL CURRENT ASSETS** | | 2,563 | 3,901 |
| **TOTAL ASSETS** | | 15,930 | 15,882 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | **15** | (762) | (720) |
| **NON-CURRENT LIABILITIES** | | | |
| Provisions for liabilities | **17** | - | - |
| **TOTAL LIABILITIES** | | (762) | (720) |
| **NET ASSETS** | | 15,168 | 15,162 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | **18** | 7,397 | 7,397 |
| Share premium | **20** | 1,810 | 1,810 |
| Retained earnings | **20** | 5,961 | 5,955 |
| **TOTAL EQUITY** | | 15,168 | 15,162 |

The financial statements were approved and authorised for issue by the Board of Directors, and were signed below on its behalf by:

Alistair Currie
Chief Executive Officer

22 January 2025
The notes on pages 40 to 58 form part of these financial statements.

# Company Statement Of Financial Position

Company Number: 08717989

| | Notes | 2024 £'000 | 2023 £'000 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Intangible fixed assets | **11** | - | - |
| Tangible fixed assets | **11** | 1 | 1 |
| Investments | **12** | 11,715 | 11,372 |
| Loan receivables | **13** | 1,842 | 799 |
| **TOTAL NON-CURRENT ASSETS** | | 13,558 | 12,172 |
| **CURRENT ASSETS** | | | |
| Loan receivables | **13** | 975 | 1,631 |
| Trade and other receivables | **14** | 304 | 224 |
| Cash and cash equivalents | | 1,218 | 1,959 |
| **TOTAL CURRENT ASSETS** | | 2,497 | 3,814 |
| **TOTAL ASSETS** | | 16,055 | 15,986 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | **15** | (957) | (846) |
| **NON-CURRENT LIABILITIES** | | | |
| Provisions for liabilities | **17** | - | - |
| **TOTAL LIABILITIES** | | (957) | (846) |
| **NET ASSETS** | | 15,098 | 15,140 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capital | **18** | 7,397 | 7,397 |
| Share premium | **20** | 1,810 | 1,810 |
| Retained earnings | **20** | 5,891 | 5,933 |
| **TOTAL EQUITY** | | 15,098 | 15,140 |

The profit for the financial year of the parent company was £328k (2023: £1,690k)

The financial statements were approved and authorised for issue by the Board of Directors, and were signed below on its behalf by:

Alistair Currie
Chief Executive Officer

22 January 2025
The notes on pages 40 to 58 form part of these financial statements.

# Consolidated Statement Of Changes In Equity

| | Share Capital £'000 | Share Premium Account £'000 | Retained Earnings £'000 | Total £'000 |
|---|---|---|---|---|
| **Balance at 31 August 2022** | 7,397 | 1,810 | 4,567 | 13,774 |
| Share Issue | - | - | - | - |
| Profit for the year | - | - | 1,712 | 1,712 |
| Dividends Paid | - | - | (324) | (324) |
| **Balance at 31 August 2023** | 7,397 | 1,810 | 5,955 | 15,162 |
| Share Issue | - | - | - | - |
| Profit for the year | - | - | 376 | 376 |
| Dividends Paid | - | - | (370) | (370) |
| **Balance at 31 August 2024** | 7,397 | 1,810 | 5,961 | 15,168 |

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

# Company Statement Of Changes In Equity

| | Share Capital £'000 | Share Premium Account £'000 | Retained Earnings £'000 | Total £'000 |
|---|---|---|---|---|
| **Balance at 31 August 2022** | 7,397 | 1,810 | 4,567 | 13,774 |
| Share Issue | - | - | - | - |
| Profit for the year | - | - | 1,690 | 1,690 |
| Dividends Paid | - | - | (324) | (324) |
| **Balance at 31 August 2023** | 7,397 | 1,810 | 5,933 | 15,140 |
| Share Issue | - | - | - | - |
| Profit for the year | - | - | 328 | 328 |
| Dividends Paid | - | - | (370) | (370) |
| **Balance at 31 August 2024** | 7,397 | 1,810 | 5,891 | 15,098 |

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

# Consolidated Cash Flow Statement

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit after tax | 376 | 1,712 |
| Adjustments for: | | |
| Depreciation and amortisation | 2 | 4 |
| Loan Impairment | 395 | 17 |
| Bank interest (receivable)/payable | (20) | (18) |
| Interest income on loans | (280) | (211) |
| Dividend income | (219) | (205) |
| Taxation charge | - | - |
| Movements in working capital: | | |
| (Increase)/Decrease in trade and other receivables | 25 | 99 |
| Increase/(Decrease) in trade and other payables | 42 | 25 |
| Fair value (gains) on investments | (798) | (1,802) |
| **Cash generated from operations** | (477) | (379) |
| Bank interest received/(paid) | 20 | 18 |
| **Net cash used in operating activities** | (457) | (361) |
| **Cash flows from investing activities** | | |
| Payments to acquire tangible & intangible fixed assets | (2) | (3) |
| Payments to acquire a subsidiary | - | (192) |
| Payments to acquire investments | (101) | (2,751) |
| Proceeds from the disposal of investments | 556 | 2,531 |
| Dividends received | 207 | 238 |
| Loans advanced | (2,113) | (2,211) |
| Repayment of loans from loan receivables | 1,331 | 969 |
| Interest receipts from loan receivables | 201 | 151 |
| **Net cash generated in investing activities** | 79 | (1,268) |
| **Cash flows from financing activities** | | |
| Dividends paid | (370) | (324) |
| **Net cash generated from financing activities** | (370) | (324) |
| **Net cash inflow for the year** | (748) | (1,953) |
| Cash and cash equivalents at start of year | 1,986 | 3,939 |
| **Cash and cash equivalents at the end of the year** | **1,238** | **1,986** |

The group does not have any debt.

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

# Company Cash Flow Statement

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit after tax | 328 | 1,690 |
| Adjustments for: | | |
| Depreciation and amortisation | 1 | 2 |
| Loan impairment | 395 | 17 |
| Bank interest (receivable)/payable | (20) | (18) |
| Interest income on loans | (280) | (211) |
| Dividend income | (219) | (205) |
| Taxation charge | - | - |
| Movements in working capital: | | |
| (Increase)/Decrease in trade and other receivables | 11 | 45 |
| Increase/(Decrease) in trade and other payables | 72 | 26 |
| Increase / (Decrease) in group balances | 39 | 157 |
| Fair value (gains) on investments | (798) | (1,802) |
| **Cash generated from operations** | (471) | (299) |
| Bank interest received/(paid) | 20 | 18 |
| **Net cash used in operating activities** | (451) | (281) |
| **Cash flows from investing activities** | | |
| Payments to acquire tangible fixed assets | (1) | - |
| Payments to acquire a subsidiary | - | (302) |
| Payments to acquire investments | (101) | (2,751) |
| Proceeds from the disposal of investments | 556 | 2,531 |
| Dividends received | 207 | 238 |
| Loans advanced | (2,113) | (2,211) |
| Repayment of loans from loan receivables | 1,331 | 969 |
| Interest receipts from loan receivables | 201 | 151 |
| **Net cash generated in investing activities** | 80 | (1,375) |
| **Cash flows from financing activities** | | |
| Dividends paid | (370) | (324) |
| **Net cash generated from financing activities** | (370) | (324) |
| **Net cash inflow for the year** | (741) | (1,980) |
| Cash and cash equivalents at start of year | 1,959 | 3,939 |
| **Cash and cash equivalents at the end of the year** | **1,218** | **1,959** |

The company does not have any debt.

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

# Notes To The Financial Statements

**1. GENERAL INFORMATION**

Capital for Colleagues plc is a public limited company incorporated and domiciled in England and Wales under the Companies Act 2006. The Company's ordinary shares are traded on the AQUIS Growth Market (Apex sector), a London based stock exchange providing UK and international companies with access to capital.

The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 17 to 20.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**a) Statement of Compliance**

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

**b) Basis of preparation**

The financial statements are prepared on an historical cost basis, except for investment in shares and loan receivables which have been measured at fair value, and are presented in Pound Sterling, which is the Group's functional currency.

**c) Going Concern**

The financial statements have been prepared on a going concern basis.

The Directors have prepared budgets and cash flow forecasts for a period of at least twelve months from the date of the approval of the financial statements which show a positive cash balance throughout the period. The cash flows are based upon various assumptions which include the timing and quantum of loan repayments and dividends and the level of monthly income and expenditure. The Directors consider that if any of these assumptions are not realised for whatever reason with a corresponding negative impact on the group's cash flow, the group would have sufficient cash due either to costs being trimmed or by introducing some additional debt.

Based upon this analysis the Directors have at the time of approving the financial statements a reasonable expectation that the group and parent company have adequate resources to continue in operational existence for the foreseeable future.

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

**d) Basis of consolidation**

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

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

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights.
- Substantive potential voting rights held by the company and by other parties.
- Other contractual arrangements.
- Historic patterns in voting attendance.

Where the above conditions are met, consolidated financial statements are prepared to present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are eliminated in full.

# Notes To The Financial Statements (Continued)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d) Basis of consolidation (continued)**

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

**e) New accounting standards, amendments and interpretation of existing standards (separately or together "new accounting requirements"), effective from 1 January 2023.**

The Group has adopted the following standards and amendments for the first time in the current year:
- IFRS17 "Insurance Contracts"
- IAS1 (amendment) – disclosure of accounting policies
- IAS8 (amendment) – definition of accounting estimates
- IAS12 (amendment) – deferred Tax clarification of initial recognition exception

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

**f) New standards, amendments and interpretations not yet effective or, effective but not early adopted by the Group (separately or together "new accounting requirements")**

The following standards have been published but are not yet effective and have not been early adopted by the Company:
Effective for periods commencing 1 January 2024
- IAS1 (amendment) – Classification of Liabilities as Current or Non-current
- IAS1 (amendment) – Classification of Non-current liabilities with covenants
- IFS16 (amendment) -Lease liability in a sale and leaseback
- IAS7 & IFRS17 (amendment) – Supplier finance arrangements

Effective for periods commencing 1 January 2025
- IAS 21 (Amendment) – Lack of Exchangeability

The Directors do not expect the adoption of the standards listed above to have a material impact on the financial statements in future periods.

**g) Revenue recognition**

***Rendering of services – Management fees***

Revenue from a contract to provide management services is recognised over time as the services are rendered based on a fixed price.

***Interest income***

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

***Other income – Arrangement and advisory fees***

Arrangement fee income is recognised when the right to receive payment is established being the point at which funds are advanced to individual investees, by agreement.

***Dividend income***

Equity dividend income is recognised when it becomes legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

# Notes To The Financial Statements (Continued)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**h) Goodwill**

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

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

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

**i) Intangible and tangible fixed assets**

Intangible assets are initially recorded at cost and are subsequently stated at cost less any accumulated amortisation and impairment losses. Tangible assets are initially recorded at cost and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Amortisation and depreciation is calculated so as to write off the cost of an asset, less its estimated residual value over the useful life of the asset as follows:

| | | |
|---|---|---|
| Website amortisation | - | Straight line over 3 years |
| Equipment depreciation | - | Straight line over 3 years |

**j) Investment in shares**

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

Unlisted investments are measured at the Directors' assessment of fair value in accordance with the International Private Equity and Venture Capital Guidelines. Transaction costs are included as part of the initial measurement.

**k) Financial instruments**

The Group classifies its financial instruments in the following categories: loans and receivables, financial assets and liabilities and non-derivative financial instruments. The classification depends on the purpose for which the financial instruments were acquired. The Directors determine the classification of its financial instruments at initial recognition.

***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less impairment losses relating to the receivables.

***Financial assets and liabilities***

Financial assets and liabilities are recognised on statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred, and the transfer qualifies for derecognition in accordance with IFRS 9 'Financial Instruments: Recognition and measurement'.

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

# Notes To The Financial Statements (Continued)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Non-derivative financial instruments***

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

**l) Equity instruments**

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from proceeds, net of tax.

Dividends payable in relation to equity shares are recognised as a liability in the period in which they are declared.

**m) Share-based payments**

The company operates a cash-settled share-based payments benefit scheme that is open to executive directors and employees. Monthly contributions made by employees are used to purchase ordinary equity shares on a quarterly basis via a three-month accumulation period. The related expense is recognised at the date of issue of the shares.

**n) Taxation**

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

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

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

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the financial statements requires management to makes certain estimates and assumptions regarding the future. It also requires management to exercise judgment in applying the accounting policies. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**a) Critical accounting estimates**

***i) Valuation of unlisted investments***

The Directors assess the fair value of each unlisted investment in accordance with the International Private Equity and Venture Capital Guidelines using a range of multiples and discount factors considered appropriate to the investee company's business. Due to the inherent uncertainty of valuation, the values used may differ significantly from the values that would have been used had an

# **Notes To The Financial Statements** (Continued)

active market for the investment existed and thus differences could be significant. The movement in the investment portfolio valuation is disclosed in note 12 of the financial statements.

***ii) Impairment of loan, trade and other receivables***

A loss allowance ("impairment") is recognised for any expected credit losses on financial assets that are measured at amortised costs. The Directors assess impairment of loan and other receivables at the end of the reporting date by evaluation of the conditions of each outstanding balance and the investee company.

The impairment is at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. Due to the inherent uncertainty of these impairment reviews, the actual recoverability may differ from the Directors' estimates. The impairment provision is disclosed in note 13 of the financial statements.

Total unlisted investments are valued at £14.23m, as disclosed in notes 12 and 13. The full or partial recoverability of £1.63m of these investments is dependent on certain investees' ability to raise the funds they require to proceed with their business plans over the coming months - there is uncertainty around the amount of funding that will be achieved. Having appraised the business plans of the investees, considering a range of potential fundraising outcomes, the Directors have judged £1.63m to represent their best estimate of the fair value of the investments.

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

***i) Going Concern***

Significant judgement is required in the assessment of the use of the Going Concern basis, and further information on this is included in note 2c. These include preparing cash flow forecasts and budgets based on a number of assumptions including the timing and quantum of loan repayments, dividends and investment disposals.

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

***ii) Techniques applied to the valuation of investments***

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

| **4. REVENUE** | **2024 £'000** | **2023 £'000** |
|---|---|---|
| An analysis of the revenue is as follows: | | |
| Management fees | 246 | 182 |
| Arrangement & Advisory fees & other income | 286 | 289 |
| Interest income | 280 | 211 |
| Dividend income | 219 | 205 |
| | 1,031 | 887 |

All revenue arose within the UK & ROI.

| **5. PROFIT FROM OPERATIONS** | **2024 £'000** | **2023 £'000** |
|---|---|---|
| **Profit from operations has been arrived at after charging:** | | |
| Depreciation | 2 | 4 |
| Operating lease expense - property | 12 | 12 |
| Auditor's remuneration: | | |
| Fees payable for audit of the financial statements | 33 | 31 |

# Notes To The Financial Statements (Continued)

## 6. STAFF COSTS

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

| | 2024 Number | 2023 Number |
|---|---|---|
| **All employees (including Directors)** | 14 | 13 |

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| **The aggregate remuneration comprised:** | | |
| Wages and salaries | 583 | 470 |
| Bonus | 51 | 163 |
| Social security and taxes | 83 | 62 |
| Pension plan | 43 | 35 |
| Share-based payments (note 19) | 41 | 37 |
| | 801 | 767 |

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

| **Directors' emoluments** | 2024 £'000 | 2023 £'000 |
|---|---|---|
| The aggregate remuneration comprised: | | |
| Wages and salaries | 289 | 293 |
| Bonus (*) | - | 80 |
| Pension costs | 14 | 14 |
| Share-based payments | 14 | 14 |
| | 317 | 401 |

(*) In addition to the above, a bonus provision of £51,000 has been provided for in accordance with the bonus rules to the Executive team, including Executive Directors. No decision has yet been made over the allocation between individuals.

One director accrued benefits under the defined contribution pension plan. (2023: one)

| **Emoluments of the highest paid director:** | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Wages and salaries | 105 | 115 |
| Bonus | - | 47 |
| Pension costs | - | - |
| Share-based payments (note 19) | 7 | 7 |
| | 112 | 169 |

# Notes To The Financial Statements (Continued)

## 7. FAIR VALUE GAIN/(LOSS) ON INVESTMENTS

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

## 8. INCOME TAX EXPENSE

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| Current tax: | | |
| Charge for the year | - | - |
| Adjustment in respect of prior periods | - | - |
| Deferred tax: | | |
| Charge for year | - | - |
| Adjustment in respect of prior periods | - | - |
| **Total tax** | - | - |

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

| | 2024<br>£'000 | 2023<br>£'000 |
|---|---|---|
| Profit before taxation | 376 | 1,712 |
| Expected tax charge on profit before tax at 25% (2023: 19%) | 94 | 326 |
| **Effects of:** | | |
| Expenses not deductible for tax purposes | - | 2 |
| Income not taxable | (199) | (343) |
| Exempt dividend income | (55) | (39) |
| Unutilised tax losses | 160 | 54 |
| Current and deferred tax (credit)/charge | - | - |

The Group has carried forward trading losses of £2.9m. A deferred tax asset has not been recognised in respect of these losses.

# Notes To The Financial Statements (Continued)

**9. DIVIDENDS**

| | **2024 £'000** | **2024 £'000** |
|---|---|---|
| Dividends paid during the year (excluding those where a liability existed in the prior year): 2.00p per share (2023: 1.75p per share) | 370 | 324 |

| | **2024 £'000** | **2023 £'000** |
|---|---|---|
| Dividends proposed after the year end (and not recognised as a liability) 2.10p per share (2023: 2.00p per share) | 388 | 370 |

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

**10. EARNINGS PER SHARE**

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

| | **2024 £'000** | **2023 £'000** |
|---|---|---|
| *Earnings:* | | |
| Earnings for the purpose of basic earnings per share: net profit for the year attributable to equity holders of the group | 376 | 1,712 |
| *Number of shares:* | | |
| Weighted average number of ordinary shares including dilutive warrants | 18,492,279 | 18,492,279 |

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

# Notes To The Financial Statements (Continued)

**11. NON-CURRENT FIXED ASSETS (Intangible & Tangible)**
**GROUP**

| | Goodwill £'000 | Website £'000 | TOTAL Intangible £'000 | Equipment £'000 | TOTAL Tangible £'000 |
|---|---|---|---|---|---|
| **COST** | | | | | |
| At 1 September 2023 | 110 | 7 | 117 | 6 | 6 |
| Additions | - | - | - | 2 | 2 |
| At 31 August 2024 | 110 | 7 | 117 | 8 | 8 |
| **IMPAIRMENT/AMORTISATION / DEPRECIATION** | | | | | |
| At 1 September 2023 | - | 7 | 7 | 4 | 4 |
| Charge for year | - | - | - | 2 | 2 |
| At 31 August 2024 | - | 7 | 7 | 6 | 6 |
| **CARRYING VALUE** | | | | | |
| At 31 August 2024 | 110 | - | 110 | 2 | 2 |
| At 31 August 2023 | 110 | - | 110 | 2 | 2 |

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

| | Goodwill £'000 | Website £'000 | TOTAL Intangible £'000 | Equipment £'000 | TOTAL Tangible £'000 |
|---|---|---|---|---|---|
| **COST** | | | | | |
| At 1 September 2023 | - | 7 | 7 | 3 | 3 |
| Additions | - | - | - | 1 | 1 |
| At 31 August 2024 | - | 7 | 7 | 4 | 4 |
| **AMORTISATION / DEPRECIATION** | | | | | |
| At 1 September 2023 | - | 7 | 7 | 2 | 2 |
| Charge for year | - | - | - | 1 | 1 |
| At 31 August 2024 | - | 7 | 7 | 3 | 3 |
| **CARRYING VALUE** | | | | | |
| At 31 August 2024 | - | - | - | 1 | 1 |
| At 31 August 2023 | - | - | - | 1 | 1 |

# **Notes To The Financial Statements** (Continued)

**12. INVESTMENTS**
**GROUP**

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total unlisted Investments £'000 |
|---|---|---|---|---|
| At 1 September 2023 | - | - | 11,070 | 11,070 |
| Disposals | - | - | (556) | (556) |
| Additions | - | - | 101 | 101 |
| Fair value gain | | | 2,325 | 2,325 |
| Fair value loss | - | - | (1,527) | (1,527) |
| At 31 August 2024 | - | - | 11,413 | 11,413 |

**COMPANY**

| | Level 1 £'000 | Level 2 £'000 | Level 3 £'000 | Total unlisted Investments £'000 | Shares in subsidiaries £'000 | Total Investments £'000 |
|---|---|---|---|---|---|---|
| At 1 September 2023 | - | - | 11,070 | 11,070 | 302 | 11,372 |
| Disposals | - | - | (556) | (556) | - | (556) |
| Additions | - | - | 101 | 101 | - | 101 |
| Fair value gain | - | - | 2,325 | 2,325 | - | 2,325 |
| Fair value loss | - | - | (1,527) | (1,527) | - | (1,527) |
| At 31 August 2024 | - | - | 11,413 | 11,413 | 302 | 11,715 |

# Notes To The Financial Statements (Continued)

## 12. INVESTMENTS (continued)

Group and Company unlisted investments are measured at fair value. The directors consider that the carrying amount of investments approximates to their fair value.

Level 1 reflects financial instruments quoted in an active market.

Level 2 fair value remeasurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, whether directly (i.e. as process) or indirectly (i.e. derived from prices).
These investments relate to an investment portfolio used to maximise the return during the year.

Level 3 reflects all unquoted investments, being financial instruments, whose fair value is determined in whole or in part using valuation techniques based on assumptions that are not supported by prices from observable market transactions in the same instrument and not based on available observable market data.

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

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

The company holds100% of the issued share capital in MI Accountancy Solutions Limited. The company's principal activity is book keeping activities. Its registered address is 1st Floor Offices, 2 Whitebridge Lane, Stone, ST15 8LQ.

## 13. LOAN RECEIVABLES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| At 1 September 2023 | 2,430 | 1,205 | 2,430 | 1,205 |
| Loan additions in the year | 2,113 | 2,211 | 2,113 | 2,211 |
| Loan repayments in the year | (1,331) | (969) | (1,331) | (969) |
| Realised losses in the year | (342) | - | (342) | - |
| Movement in provision in the year | (53) | (17) | (53) | (17) |
| At 31 August 2024 | 2,817 | 2,430 | 2,817 | 2,430 |
| **Amounts due within one year** | 975 | 1,631 | 975 | 1,631 |
| **Amounts due between one year and five years** | 1,376 | 100 | 1,376 | 100 |
| **Amounts due after five years** | 466 | 699 | 466 | 699 |
| **Total** | 2,817 | 2,430 | 2,817 | 2,430 |

The directors consider that the carrying amount of loans receivable approximate to their fair value.

Loans receivable due from unquoted companies are subject to liquidity risk. This risk is considered by the Directors when arriving at their valuation as at the year-end. The total value of loans that are overdue at the year-end is £NIL (2023: £NIL). The expected credit loss provision recognised at the year-end date in respect of loans is £203,000 (2023: £150,000).

# Notes To The Financial Statements (Continued)

### 14. TRADE AND OTHER RECEIVABLES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Deferred consideration | 59 | 115 | 59 | 115 |
| Trade receivables | 123 | 88 | 77 | 32 |
| Prepayments and accrued income | 166 | 81 | 166 | 77 |
| Other receivables | 2 | - | 2 | - |
| | 350 | 284 | 304 | 224 |

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

The Directors have had due consideration of IFRS 9 Financial Instruments with regards to the recognition and measurement of expected credit losses on trade and other receivables. There are no significant credit risks arising from trade and other receivables. Therefore, expected credit losses of £NIL (2023: £NIL) have been recognised in the year ended 31 August 2024.

Included within the deferred consideration debtor is £29,000 (2023: £60,000) which is due in more than one year.

### 15. TRADE AND OTHER PAYABLES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Due to Group companies | - | - | 196 | 157 |
| Trade payables | 13 | 7 | 11 | 6 |
| VAT and social security payable | 36 | 40 | 37 | 33 |
| Other payable | 713 | 673 | 713 | 650 |
| | 762 | 720 | 957 | 846 |

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

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

# **Notes To The Financial Statements** (Continued)

**16. FINANCIAL INSTRUMENTS**

**Credit risk**

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

***Risk management***

There are no significant concentrations of credit risk from cash and cash equivalents. There is a more significant risk of the non-payment of loan receivables. This source of credit risk is managed by an active review of the various loans and the underlying companies to which the loans are made. Due diligence work is undertaken ahead of making such commitments and it is the Group's practice to monitor progress on an ongoing basis. For loan receivables the group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

***Impairment of financial assets***

Trade and loan receivables are the two types of financial assets that are subject to the expected credit loss model. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and loan receivables. To measure the expected credit losses, trade receivables and loan assets have been considered on an individual basis considering their individual credit risk characteristics and the days past due. On this basis the group has made a provision of £NIL (2023: £NIL) against its accrued income and £203,000 (2023: £150,000) against its loans receivable

**Liquidity risk**

The Group seeks to ensure that it has sufficient liquidity, not only to pay its expenses as and when they fall due, but also to ensure that it is able to commit funds to attractive investments within required timescales. Funds which are not immediately required for investment in unquoted Employee Ownership Businesses (EOBs) may be retained on deposit or invested in quoted EOBs or in other investments offering a better return than would be available from remaining in cash. Due regard is given to the need to realise cash at relatively short notice.

The maturity date of loans advanced is disclosed in note 13. All cash is available on demand.

**Market risk**

In the case of investments made in unquoted EOBs, the market risk relates to the underlying business models within those entities. This source of market risk is managed by active review of each investee business through regular contact with management of the EOBs and review of management information, financial data and business plans. Due diligence work is undertaken ahead of making investment decisions and it is the Group's practice to monitor progress on an ongoing basis.

**Classification of financial instruments**

The following tables analyse the carrying amounts of financial instruments by category as defined in IFRS 9 "Financial instruments: recognition and measurement" and by heading in the statement of financial position.

# Notes To The Financial Statements (Continued)

**GROUP**

| | Note | Financial Instruments held at: Fair value £'000 | Amortised cost £'000 | Total £'000 |
|---|---|---|---|---|
| **At 31 August 2024** | | | | |
| **Financial assets** | | | | |
| Investments | 12 | 11,413 | - | 11,413 |
| Loan receivables | 13 | - | 2,817 | 2,817 |
| Trade and other receivables | 14 | - | 331 | 331 |
| Cash and cash equivalents | | - | 1,238 | 1,238 |
| | | 11,413 | 4,386 | 15,799 |
| **Financial liabilities** | | | | |
| Trade payables and other payables | 15 | - | 605 | 605 |

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

# Notes To The Financial Statements (Continued)

## 16. FINANCIAL INSTRUMENTS (continued)

### COMPANY

| | Note | Financial Instruments held at: Fair value £'000 | Amortised cost £'000 | Total £'000 |
|---|---|---|---|---|
| **At 31 August 2024** | | | | |
| **Financial assets** | | | | |
| Investments | 12 | 11,413 | 302 | 11,715 |
| Loan receivables | 13 | - | 2,817 | 2,817 |
| Trade and other receivables | 14 | - | 293 | 293 |
| Cash and cash equivalents | | - | 1,218 | 1,218 |
| | | 11,413 | 4,630 | 16,043 |
| **Financial liabilities** | | | | |
| Trade payables and other payables | 15 | | 800 | 800 |

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

# Notes To The Financial Statements (Continued)

**Net gains and losses by financial instrument category:**

**GROUP**

| | Interest income £'000 | Dividend income £'000 | Fair value gain / (loss) £'000 | Impairment £'000 |
|---|---|---|---|---|
| **At 31 August 2024** | | | | |
| Financial assets at fair value through profit or loss | - | 219 | 798 | - |
| Financial assets at amortised cost | 280 | - | - | (395) |
| Financial liabilities at amortised cost | - | - | - | - |
| At 31 August 2024 | 280 | 219 | 798 | (395) |

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

# Notes To The Financial Statements (Continued)

## 17. PROVISION FOR LIABILITIES AND CHARGES

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Deferred tax provisions | - | - | - | - |
| The movements during the year were as follows: | | | | |
| At 1 September 2023 | - | - | - | - |
| Credited/(charged) for the year | - | - | - | - |
| At 31 August 2024 | - | - | - | - |

## 18. SHARE CAPITAL

| | 2024 Number | 2024 £'000 | 2023 Number | 2023 £'000 |
|---|---|---|---|---|
| **Issued and fully paid:** | | | | |
| Ordinary shares of 40p each | 18,492,279 | 7,397 | 18,492,279 | 7,397 |

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

## 19. SHARE BASED PAYMENTS

The parent company operates a cash-settled employee benefit scheme for executive directors and employees which is a United Kingdom tax authority approved scheme. All United Kingdom employees are eligible to participate in the Share Incentive Plan "SIP", the only vesting condition being that the individual remains an employee of the Company over the share incentive period.

The fair-value of cash-settled share-based payments in the year was measured at market-price of the Company's shares as traded on AQUIS Growth Market, on the final day of the 3 month accumulation period.

The share-based remuneration expense comprises:

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| **Cash settled scheme** | 41 | 37 |

There was NIL liability outstanding at the year-end (2023: NIL)

# Notes To The Financial Statements (Continued)

## 20. RESERVES

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

## 21. CONTINGENT LIABILITIES

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

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Provision of third-party guarantee in relation to sales invoice facilities | 170 | 800 | 170 | 800 |

## 22. RELATED PARTY TRANSACTIONS

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

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

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

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

During the year C4C disposed of some of its holding in Computer Application Services Limited to Harrock Capital Partners (a company owned & controlled by Bill Ainscough, a Director of C4C). Sale proceeds of £278,080 were received for shares with an original cost of £77,143.

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

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

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

# Notes To The Financial Statements (Continued)

**23. BUSINESS COMBINATIONS**
**Emerald Specialist Logistics Limited "ESL"**

During the year ESL was formed to acquire part of the trade of Place 2 Place Logistics Limited (P2P). C4C purchased 100% of the share capital of ESL at a cost of £100, acquiring the main customer contract from P2P on 5 June 2024. As at the 31 August 2024, C4C hold 100% of the issued share capital in ESL. The intention is to share the ownership of ESL with management & employees of ESL. The legal documentation to give effect to this and to reduce C4C's ownership to below 50% has been drafted and expected to be approved and actioned imminently. ESL has therefore been excluded from the consolidated results of the C4C group.

**24. CONTROLLING PARTY**

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

# Notes

# Notes

Capital for Colleagues

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