

RiverFort Global Opportunities plc

(formerly Paternoster Resources plc)

Financial Statements

for the year ended 31 December 2018

COMPANY INFORMATION

DIRECTORS :	P Haydn-Slater (Non-Executive Chairman) N Lee (Investment Director) A van Dyke A Nesbitt
SECRETARY :	M Nicholson
REGISTERED OFFICE :	Suite 12a 55 Park Lane London W1K 1NA
COMPANY REGISTRATION NUMBER :	00269566
REGISTRAR AND TRANSFER OFFICE :	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU9 7DR
BANKERS :	Barclays Bank Plc 77 Albion Street Leeds LS1 5AW
SOLICITORS :	Keystone Law Ltd 48 Chancery Lane London WC2A 1LF
INDEPENDENT AUDITOR :	PKF Littlejohn LLP Registered Auditors 1 Westferry Circus Canary Wharf London E14 4HD
NOMINATED ADVISOR:	Beaumont Cornish Limited 10 th Floor 30 Crown Place London EC2A 4EB
JOINT BROKER:	Peterhouse Corporate Finance Limited 3rd Floor New Liverpool House 15-17 Eldon Street London EC2M 7LD
JOINT BROKER:	Shard Capital Partners LLP 23 rd Floor 20 Fenchurch Street London EC3M 3BY

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CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

INTRODUCTION

During the year ended 31 December 2018, the Company has continued to operate as an investment company.

FINANCIAL

For the year to 31 December 2018, the Company made a loss from continuing operations of £731,192 (2017: loss of £1,135,685). The net asset value of the Company as at 31 December 2018 was £7,254,727 (2017: £2,448,769).

The Company's investment portfolio at 31 December 2018 is divided into the following categories:

Category	Cost or valuation (£)
Debt and equity-linked debt investments	2,996,917
Equity investments	546,380
Other	250,418
Cash resources	3,597,734
Total	7,391,449

REVIEW OF THE YEAR

2018 has been an extremely busy year for the Company. During the year, the Board announced that the Company had entered into an arrangement with RiverFort Global Capital Ltd ("RiverFort"), the specialist provider of capital to junior companies whereby the Company would have the opportunity to invest in transactions arranged by RiverFort alongside other co-investors. This arrangement was subsequently approved by shareholders in a general meeting on 8 June 2018.

The purpose of this arrangement was to provide greater access to investment opportunities, lower the volatility and risk associated with pure equity investment and drive the development of cash income and returns for the Company. It also enabled investors to gain access to the RiverFort investment strategy via a publicly listed vehicle.

Against this background, during the course of the year, the Company raised almost £6 million in new funds from a range of new investors, both private and institutional, in order to have the capital available to deploy in the opportunities arranged by RiverFort. By the end of the year, the Company held around £3 million in RiverFort-arranged investments. At the same time, the Company's equity portfolio has been reduced in order to lower the risk profile of the Company's investment portfolio.

As a result of these new investments, along with a focus on a reduction of costs, the Company's results for the year have significantly improved compared to the previous year.

Income breakdown	2018	2017
	£000	£000
Investment income	513	12
Net loss from financial instruments at FVTPL	(929)	(812)
Total income	(416)	(800)
Administration costs	279	336
Other gains and losses	(35)	
Operating profit	(731)	(1,136)

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

Investment income derives principally from the fees and interest income in relation to the RiverFort-arranged investments. The net loss from financial instruments at FVTP represents the impact of valuing the investment portfolio at fair value as described under the new IFRS 9 accounting policy. The principal contributor to this loss during 2018 was the unrealised loss recorded on the investment in Plutus PowerGen plc, held within the Company's existing equity portfolio. This company's share price decreased by almost 80% during 2018 and, as at the year end, the Company's holding was valued at £213,440.

In overall terms, these results clearly validate the Company's focus on building its debt and equity-linked debt portfolio and entering into the investment adviser agreement with RiverFort. Furthermore, these results have been achieved against the background of the Company's available investment funds only being partially invested over this period and with a reduced cost base again for only part of the period.

The Company's Board has also been strengthened with the addition of Andrew Nesbitt, a qualified mining engineer, with over 20 years of experience in the natural resources sector and I joined the Board effective 1 January 2019. Towards the end of the year, the Company changed its name to RiverFort Global Opportunities plc and expanded its investing policy to include healthcare and technology.

More details of the company's investing activities and investment portfolio are set out in the Strategic Report.

OUTLOOK AND STRATEGY

Going forward the Company is continuing to actively invest its capital in new opportunities and, to date, has now invested around £5.5 million in RiverFort-arranged investments. There continues to be strong demand for funding from junior listed companies which can deliver attractive investment returns. The Company still has a substantial cash balance to deploy as a result of the return of principal from its investments, the generation of investment income and its fund-raising activities. It is therefore particularly well placed to continue to build on the results for 2018 and grow its portfolio significantly and rapidly by making investments that can generate income and capital growth whilst offering downside protection. We firmly believe that 2019 will be another positive year for the Company.

Philip Haydn-Slater
Chairman

27 June 2019

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their Strategic Report on the Company for the year ended 31 December 2018.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Introduction

The Company is an investment company listed on AIM. It is principally focused on investing in junior listed companies. During the year, the Board announced that the Company had entered into an arrangement with RiverFort Global Capital Ltd ("RiverFort"), the specialist provider of capital to junior companies whereby the Company would have the opportunity to invest in transactions arranged by RiverFort alongside other co-investors. Returns are principally generated through a combination of fees, interest and other equity linked or performance-based instruments. These transactions generally take the form of debt or equity-linked debt investments and will enable the Company to de-risk its overall investment portfolio and to generate regular cash income.

Debt and equity linked portfolio

During the year, the Company has been focused on building up this portfolio and as at the year end the value of these investments amounted to £2,996,917. This portfolio principally comprised investments in the following companies:

Company	
Jubilee Metals Group plc	AIM listed
Amur Minerals plc	AIM listed
EQTEC PLC	AIM listed
Lions Bay Capital Inc	TSXV listed
Linkwood Holdings Limited	Private
Artemis Resources Limited	ASX listed
Oil and gas company	AIM listed
Mining company	AIM listed
Mining company	AIM listed
Technology company	AIM listed
Healthcare company	AIM listed

These investments principally generate income in the form of fees and interest. Investments are either made directly or by way of participation certificates in RiverFort Global Opportunities PCC Limited, a Gibraltar based fund advised by RiverFort. These certificates are reference linked financial instruments that provide similar economic benefits to the holder as if they were co-investing directly in the underlying investment. Whilst there is no direct security into the underlying investment, the holder will benefit from the enforcement of any such security.

Often as part of the Company's investment, the investee company will issue warrants. The value of the warrants attributable to the Company's investments are calculate using the Black-Scholes option pricing model and the resulting figure discounted by 75% to reflect the level of expected return associated with such holdings given their highly volatile nature.

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Equity portfolio

During the year, the Company has reduced the size of its equity portfolio in order to reduce the overall risk profile of its investment portfolio. The Company has continued to do this into 2019. At the year end, the Company's equity portfolio comprised the following:

Company	Description	Current value of investment £000
Plutus PowerGen plc	A power company listed on AIM focused on the development, construction and operation of flexible electricity and gas power generation in the UK	214
Pires Investments plc	An investment company listed on AIM	175
Other	Various small holdings principally in listed companies	157
Total		546

Since the year end, the majority of the holdings in the Other category above have been sold. Also, in February 2019, Pires Investments plc raised some additional funds by way of a share placing at a price of 2.4 pence per share. The Company invested in this fund raising in order to maintain its shareholding at 24.3%. The current share price of this company is 2.3 pence compared to the company's net asset position of 3.5 pence per share as disclosed by the company at the end of April 2019.

KEY PERFORMANCE INDICATORS

The key performance indicators are set out below:

COMPANY STATISTICS	31 December 2018	31 December 2017	Change %
Net asset value	£7,254,727	£2,448,769	+196%
Net asset value - fully diluted per share	0.11p	0.24p	-53%
Closing share price	0.09p	0.13p	-31%
Net asset discount to share price - fully diluted	18%	46%	-28%
Market capitalisation	£6,110,000	£1,322,000	+362%

KEY RISKS AND UNCERTAINTIES

Investments in junior companies can carry a high level of risk and uncertainty, although the returns can be attractive. At this stage there can be no certainty of outcome and the Company may have difficulty in realising the full value in a forced sale. Furthermore, the Company limits the amount of each commitment, both as to the absolute amount and percentage of the target company. Details of other financial risks and their management are given in Note 20 to the financial statements.

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the Company's financial risk management objectives and policies are set out in Note 20 to these financial statements.

GOING CONCERN

The Company's assets comprise mainly cash, debt securities and quoted securities. As at 20 June 2019, the Company had cash resources of £2,036,000 and has prepared cash forecasts to June 2020 that show that the company has sufficient cash resources for the foreseeable future; accordingly, the Directors believe that as at the date of this report it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

ON BEHALF OF THE BOARD

Nicholas Lee
Investment Director

27 June 2019

DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Directors present their annual report on the affairs of the Company, together with the audited financial statements for the year ended 31 December 2018.

CHANGE OF NAME

At the Company's Annual General Meeting held on 26 October 2018, the shareholders agreed to change the name of the Company to RiverFort Global Opportunities plc from Paternoster Resources plc.

PRINCIPAL ACTIVITIES

The Company's principal activity is that of an investment company focused on making investments in the natural resources, technology and healthcare sectors.

RESULTS AND DIVIDENDS

The Company made a loss after taxation of £731,192 (2017: loss of £1,135,685). The Directors do not propose a dividend (2017: £nil).

The key performance indicators are shown in the Strategic Report.

DIRECTORS

The Directors of the Company, together with their beneficial interests in the shares of the Company at the end of the year, are listed below. All served on the Board throughout the year, unless otherwise stated. There is a qualifying third party indemnity provision in force for the benefit of the Directors and officers of the Company.

	Percentage of issued share capital	31 December 2018	31 December 2017
N Lee	0.68%	46,014,706	16,014,706
Ms A van Dyke	–	–	–
A Nesbitt (appointed 21 February 2018)	0.15%	10,000,000	–

On 1 January 2019, Philip Haydn-Slater was appointed as Non-Executive Chairman. Prior to his appointment, he held 50,000,000 shares. Since his appointment, he has purchased a further 150,000,000 shares in the Company, bringing his total holding to 200,000,000 shares, representing 2.95% of the issued share capital of the Company.

SUBSTANTIAL INTERESTS

The Company is aware that at 27 June 2019, the following, other than the Directors shown above, held in excess of 3% of the issued share capital of the Company:

	Number of ordinary shares	Percentage of issued share capital
Miton Group plc	1,145,454,545	16.87%
Cannacord Genuity Group Inc	1,000,000,000	14.73%
James Caird Investment Limited	500,000,000	7.36%
RiverFort Global Capital Ltd	318,959,090	4.69%
Nicholas Slater	268,329,093	3.95%
GIS UK Limited	250,000,000	3.68%
James Lewis	242,954,545	3.58%
Spreadex Limited	240,000,000	3.53%
Ashworth Global Investments	230,000,000	3.39%
Sigma Broking Limited	210,000,000	3.09%

DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

CORPORATE GOVERNANCE

The Board recognises its responsibility for the proper management of the Company and is committed to maintaining a high standard of corporate governance. Further details with regard to corporate governance are set out in the report on Corporate Governance.

BOARD OF DIRECTORS

The Company supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving Company policy and strategy. It meets regularly and has a schedule of matters specifically reserved to it for decision. Management supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professionals at the Company's expense. Training is available for new Directors and other Directors as necessary.

The Board currently consists of four directors, the Investment Director, Nicholas Lee and three non-executive directors, Amanda van Dyke, Andrew Nesbitt and Philip Haydn-Slater who was appointed as non-executive Chairman subsequent to the year end. Each Director appointed by the Board since the last AGM holds office until the next AGM and is then eligible for reappointment. Furthermore, one third of Directors who were directors at the time of the two immediately preceding AGMs and who did not retire at such meetings, retire from office by rotation and are then eligible for reappointment.

Given the size of the Board, there is no separate nomination committee. All Director appointments are approved by the Board as a whole.

COMMUNICATIONS WITH SHAREHOLDERS

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

INTERNAL CONTROL

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

DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company 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 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 responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

AUDITORS

So far as each of the directors is aware at the time this report was approved:

- there is no relevant audit information of which the Company's auditor is unaware: and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

POST YEAR END EVENTS

There were no material post year-end events

AUDITORS

PKF Littlejohn LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

This report was approved by the Board on 27 June 2019 and signed on its behalf.

M Nicholson
Secretary

DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The remuneration of the directors has been fixed by the Board as a whole. The Board seeks to provide appropriate reward for the skill and time commitment required so as to retain the right calibre of director at a cost to the Company which reflects current market rates. Details of directors' fees and of payments made for professional services rendered are set out in Note 8 to the financial statements and details of the directors' share options are set out in Note 10.

During the period, the following remuneration and other benefits were charged to the Company:

Name of director	Salaries £	Benefits £	Total 2018 £	Total 2017 £
N Lee	57,334	–	57,334	84,000
A van Dyke	24,333	–	24,333	36,000
A Nesbitt	–	–	–	–
	81,667	–	81,667	120,00

SHARE OPTIONS

At 31 December 2017, Nicholas Lee held 42,000,000 share options. These share options were cancelled during the year.

DIRECTORS' SHAREHOLDINGS

As at 31 December 2018, the Directors had the following interests in the share capital of the Company:

	Percentage of issued share capital	31 December 2018	31 December 2017
N Lee	0.68%	46,014,706	16,014,706
Ms A van Dyke	–	–	–
A Nesbitt (appointed 21 February 2018)	0.15%	10,000,000	–

Nicholas Lee

Director

27 June 2019

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Board recognises its responsibility for the proper management of the Company and is committed to maintaining a high standard of corporate governance. The Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Company and the interests of its Shareholders. The Quoted Companies Alliance has published the QCA Code, which includes a standard of minimum best practice for AIM companies, and recommendations for reporting corporate governance matters. The Directors take into account the QCA Code, to the extent they consider it appropriate and having regard to the size and resources of the Company.

The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions. The Company holds Board meetings at least six times each financial year and at other times as and when required.

ANTI-CORRUPTION AND BRIBERY POLICY

The Company has adopted an anti-corruption and bribery policy which applies to the Directors. It generally sets out their responsibilities in observing and upholding a zero tolerance position on bribery and corruption in all the jurisdictions in which the Company operates as well as providing guidance on how to recognise and deal with bribery and corruption issues and the potential consequences. The Company expects all employees, suppliers, contractors and consultants to conduct their day-to-day business activities in a fair, honest and ethical manner, be aware of and refer to this policy in all of their business activities worldwide and to conduct business on the Company's behalf in compliance with it.

The Company has established a remuneration committee and an audit and compliance committee with formally delegated duties and responsibilities.

AUDIT AND COMPLIANCE COMMITTEE

The Audit and Compliance Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It receives and reviews reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit and Compliance Committee is responsible for keeping under review the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditors. It also has responsibility for public reporting and internal controls. The Audit and Compliance Committee also monitors the Company's compliance with the AIM Rules for Companies and ensures that procedures, resources and controls are in place to ensure the Company's compliance with the AIM Rules for Companies. The members of the Audit and Compliance Committee are Philip Haydn-Slater and Amanda van Dyke.

RENUMERATION COMMITTEE

The Remuneration Committee reviews the performance of the Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. Under its terms of reference, it meets at least once a year and is responsible for ensuring that the Directors are fairly rewarded (which extends to all aspects of remuneration) for their individual contribution to the overall performance of the Company. The members of the Remuneration Committee are Nicholas Lee and Andrew Nesbitt.

SHARE DEALING CODE

The Company has adopted a share dealing policy which sets out the requirements and procedures for the Board in any of its AIM securities in accordance with the provisions of MAR and of the AIM Rules for Companies.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

BACKGROUND

All members of the Board believe strongly in the value and importance of good corporate governance and in accountability to all of the Company's stakeholders. The statement below, explains the approach to governance, and how the Board and its Committees operate.

Changes to the AIM Rules on 30 March 2018 required AIM companies to apply a recognised corporate governance code by 28 September 2018.

The corporate governance framework which the Company operates, including board leadership and effectiveness, board remuneration, and internal control is based upon practices which the Board believes are proportional to the size, risks, complexity and operations of the business and is reflective of the group's values. Of the two widely recognised formal codes, we have therefore decided to adopt the Quoted Companies Alliance's ("QCA") Corporate Governance Code for small and mid-size quoted companies (revised in April 2018 to meet the new requirements of AIM Rule 26).

The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures. We have considered how we apply each principle to the extent that the Board judges these to be appropriate in the circumstances, and below we provide an explanation of the approach taken in relation to each.

The following paragraphs set out the Company's compliance with the ten principles of the QCA Code and reasons for any non-compliance.

1. Establish a strategy and business model which promotes long-term value for shareholders

The Company is an investing company listed on AIM. Its principal focus is investing in both listed and unlisted junior companies where it believes that it can make an attractive return for shareholders. This strategy has recently been further developed by entering into a partnership with RiverFort Global Capital Limited, the specialist arranger of funding solutions to listed and unlisted junior companies. The Company is focused on deploying its capital in investments that provide both income and downside protection. Going forward it is expected that the Company will deliver returns to shareholders through a combination of capital growth and dividend income.

2. Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Shareholders have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting ("AGM"). Investors also have access to current information on the Company through its website, www.riverfortglobalopportunities.com and via Philip Haydn-Slater, Non-Executive Chairman who is available to answer investor relations enquiries and can be contacted on info@rgo-plc.com

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognizes that the long-term success of the Company is reliant upon the efforts of its directors and partners, and upon its contractors, suppliers and regulators. The Board has put in place a range of processes and systems to ensure that there is close Board oversight and contact with its key resources and relationships.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

It is the responsibility of the Board to ensure investments are managed within acceptable margins of risk. The Company's investments are monitored on a regular basis which includes reviewing corporate developments and financial performance. The Board also ensures that no one investment represents too great a concentration in the investment portfolio. In addition to its other roles and responsibilities, the Audit and Compliance Committee (as set out in the composition details in the Corporate Governance section of the Company's website) is responsible to the Board for ensuring that procedures are, being effectively implemented to identify, evaluate and manage the significant risks faced by the Company. Within the scope of the annual audit, specific financial risks are evaluated in detail, including in relation to foreign currency, interest rates, liquidity and credit.

The Directors have established procedures, for the purpose of providing a system of internal control. This includes both the procedures referred to above and the preparation of financial information about the Company on a regular basis. In addition, there are a range of Company policies that are reviewed at least annually by the Board. These policies cover matters such as share dealing and insider legislation. The Board currently takes the view that an internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the Directors. However, the Board will continue to monitor the need for an internal audit function.

As noted in the Strategic Report in the Annual Report, the Board regularly reviews operating and strategic risks and considers in such reviews financial and non-financial information including:

- a review of the business at each Board meeting, focusing on any new decisions/risks arising;
- the performance of investments;
- selection criteria of new investments; and
- reports prepared by third parties.

5. Maintain the Board as a well-functioning, balanced team led by the Chair

The QCA Code requires that the boards of AIM companies have an appropriate balance between executive and non-executive directors of which at least two should be independent.

The Board comprises, the Non-executive Chairman Philip Haydn-Slater. Investment Director Nicholas Lee, and two Non-Executive Directors, Andrew Nesbitt and Amanda van Dyke. The Board is assisted by Miles Nicholson with respect to financial accounting and Company Secretarial matters. The time commitment formally required by the Company is an overriding principal that each director will devote as much time as is required to carry out the roles and responsibilities that the director has agreed to take on. Biographical details of the current directors are set out within Principle Six below. Executive and non-executive directors are subject to re-election intervals as prescribed in the Company's Articles of Association.

Each Director appointed by the Board since the last AGM holds office until the next AGM and is then eligible for reappointment. Furthermore, one third of Directors who were directors at the time of the two immediately preceding AGMs and who did not retire at such meetings, retire from office by rotation and they can then offer themselves for re-election. The letters of appointment of all directors are available for inspection at the Company's registered office during normal business hours.

The Directors receive fees for their services as directors which are approved by the Board, being mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organizations and appointments.

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 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. Whilst, the Company does not have a specific CFO, the Investment Director is a qualified accountant and therefore is able to provide sufficient financial oversight. Furthermore, financial information is prepared on a regular basis by the Company's third party accounting services provider thereby separating preparation from review.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The Board meetings are held as regularly as necessary given the Company's levels of activity but with at least six meetings held a year. It has established an Audit and Compliance Committee and a Remuneration Committee, particulars of which appear hereafter. The Board agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee.

The Board retains full control of the Company with day-to-day operational control delegated to the Investment Director and other Directors. The full Board meets on occasions it considers necessary.

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

All four members of the board bring relevant sector experience and public markets experience and one member is a chartered accountant. One director is female and three are male. The Board believes that its blend of relevant experience, skills and personal qualities and capabilities is sufficient to enable it to successfully execute its strategy.

Philip Haydn-Slater, Independent Non-Executive Chairman

Philip has over 35 years of experience in stockbroking and commodities with a number of well-known stockbroking firms. He spent eight years as Head of Corporate Broking at WH Ireland Limited in London, where he was responsible for originating and managing equity transactions, including IPOs and secondary placings for corporate clients on AIM and other international exchanges including the Australian and Canadian stock exchanges largely in the natural resources sector. Philip has also worked in London and Sydney for various financial institutions including ABN Amro, Bankers Trust, James Capel & Co and Bain Securities (Deutsche Bank) Sydney. More recently, given his wealth of experience, he has acted as an independent director on the boards of a number of public and private companies.

Nicholas Lee, Investment Director

Nicholas read Engineering at St. John's College, Cambridge and began his career at Coopers & Lybrand where he qualified as a chartered accountant. He then joined Dresdner Kleinwort where he worked in their corporate finance department advising a range of companies across a number of different sectors. When he left in 2009, he was a Managing Director and Head of Investment Banking for Dresdner Kleinwort's hedge fund/alternative asset manager clients. Since then, Nicholas has been actively involved with AIM companies and is currently a director of a number of AIM listed companies including, Pires Investments plc and Immotion Group plc.

Andrew Nesbitt, Non-Executive Director

Andrew is a qualified mining engineer and is a consultant to RiverFort Global Capital Limited, the specialist provider of financing to the natural resources sector. He holds a BSc (Eng) Mining and an MBA and has over 20 years of experience in the natural resources sector. He has held various production and technical roles with both De Beers and Goldfields and has carried out a number of feasibility studies across the world with the leading technical consulting group SRK. In addition, Andrew is also an experienced investor, having previously worked as a partner and portfolio manager for Craton Capital Pty Limited, a global precious metals fund with over US\$400 million of assets under management.

Amanda van Dyke, Independent Non-Executive Director

Amanda van Dyke is currently a specialist fund manager at South River Asset Management. Amanda has previously worked for Dundee Securities, Ocean Equities and GMP as a mining specialist in equity sales. She has an MBA and an MA in international economics from SDA Bocconi. Amanda is also the chairman of Women in Mining (UK), sponsored by Rio Tinto, Anglo American and Glencore.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Internal evaluation of the Board, its Committees and individual directors is important and will develop as the Company grows in the future. The expectation is that Board reviews will be undertaken on an annual basis in the form of peer appraisal, questionnaires and discussions to determine the effectiveness and performance in various areas as well as the directors' continued independence

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

8. Promote a corporate culture that is based on ethical values and behaviours

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole. Therefore, the importance of sound ethical values and behaviour is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Board assessment of the culture within the Company at the present time is one where there is respect for all individuals, open dialogue within the Company and a commitment to best practice.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Board schedule provides for quarterly meetings and, in addition, meets ad-hoc as required. Notwithstanding the above, the Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting, and Board and Committee papers are distributed several days before meetings take place. Any Director may challenge Company proposals and decisions are taken democratically after discussion. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company's management.

The Audit and Compliance Committee monitors the integrity of financial statements, oversees risk management and control, monitors the effectiveness of the internal audit function and reviews external auditor independence. It also ensures that the Company is compliant with its relevant regulatory requirements. Philip Haydn-Slater and Amanda van Dyke are the members of this committee.

The Remuneration Committee reviews the Board's remuneration on a regular basis. Nicholas Lee and Andrew Nesbitt are the members of this committee.

Nominations to the Board are decided on by the Board as a whole and therefore the Company does not believe that there is any need for a separate. Nominations Committee.

The Non-Executive Chairman has overall responsibility for corporate governance and in promoting high standards throughout the group. He leads and chairs the Board, ensuring that committees are properly structured and operate with appropriate terms of reference, ensures that performance of individual directors, the board and its committees are reviewed on a regular basis, leads in the development of strategy and setting objectives, and oversees communication between the group and its shareholders.

The Non-Executive Directors contribute independent thinking and judgement through the application of their external experience and knowledge, scrutinise the performance of management, provide constructive challenge to the executive directors and ensure that the group is operating within the governance and risk framework approved by the Board.

The Company Secretary is responsible for providing clear and timely information flow to the board and its committees and supports the board on matters of corporate governance and risk.

The Board has approved the adoption of the QCA Code as its governance framework against which this statement has been prepared and will monitor the suitability of this code on an annual basis and revise its governance framework as appropriate as the group evolves.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Company communicates with shareholders through the Annual Report and Accounts, full-year and half-year announcements, the AGM and one-to-one meetings with large existing or potential new shareholders. A range of corporate information (including all Company announcements and presentations) is also available to shareholders, investors and the public on the Company's corporate website, www.riverfortglobalopportunities.com

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RIVERFORT GLOBAL OPPORTUNITIES PLC
FOR THE YEAR ENDED 31 DECEMBER 2018

Opinion

We have audited the financial statements of RiverFort Global Opportunities plc (the "Company") for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RIVERFORT GLOBAL OPPORTUNITIES PLC
FOR THE YEAR ENDED 31 DECEMBER 2018

Key audit matter	How the scope of our audit responded to the key audit matter
<p>Revenue recognition</p> <p>In the current year the company had generated new material revenue streams being the structures finance fee income of £394,869 and interest receivable of £117,874.</p> <p>There is a risk of incorrect revenue recognition policy under IFRS.</p>	<p>We reviewed the participation agreements in place in respect of the structured finance investments and verified that the origination fees and interest receivable reconcile with that included within the financial statements;</p> <p>We recalculated a sample of the effective interest rate calculations to ensure they are in line with the terms of the loan agreement and are fairly stated in the financial statements;</p> <p>We documented our understanding of the revenue process and procedures, and performed a walk-through test ensuring the system ran in line as documented and in line with our understanding of the business</p> <p>We performed a post year end review of receipts to ensure the total revenue disclosed in the financial statements is complete; and</p> <p>We discussed with management and adequately challenged the estimates and assumptions made.</p>
<p>Verification, classification and ownership of Financial asset investments</p> <p>At the year end, the company held financial asset investments of £3,793,715 which is made up of Equity investments, structured finance investments and share warrants.</p> <p>There is a risk that the financial asset investments are classified and valued incorrectly.</p>	<p>We verified ownership of the investments held during the period;</p> <p>We reviewed the valuation methodology for each type of investment held and ensure that the carrying values were appropriately supported;</p> <p>We tested that gains and losses charged through to the statement of comprehensive income have been accounted for and classified correctly;</p> <p>We obtained a direct confirmation from the investment manager, confirming all investments held at the year end;</p> <p>We tested the disclosures made in the financial statements; and</p> <p>We reviewed the accounting treatment of the loans and ensured they are in line with IFRS.</p>

Our application of materiality

Materiality for the Company financial statements as a whole was set at £118,000 (2017: £75,000).

This has been calculated as 1.5% of the benchmark of Gross Assets (2017: 3% of the benchmark of Gross Assets), which we have determined, in our professional judgment, to be one of the principal benchmarks within the financial statements relevant to members of the Company in assessing financial performance.

We report to the director's all corrected and uncorrected misstatements we identified through our audit with a value in excess of £5,900 (2017: £3,750), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RIVERFORT GLOBAL OPPORTUNITIES PLC
FOR THE YEAR ENDED 31 DECEMBER 2018

An overview of the scope of our audit

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

The finance asset investments balance is highly material and incorporates both equity investments and structured finance investments, which are new in the current year. We carried out a detailed review of the classification of the financial assets as FVTPL and assessed the fair value of the instruments on a sample basis to ensure they are materially stated in these financial statements. This also incorporated the review of the net income from financial instruments at FVTPL.

We consider management override and related parties to be qualitatively material. Although it is not the responsibility of the auditor to discover fraud, clearly any instances of fraud which we detect are material to the users of the financial statements. We have tested manual and automated journal entries, with a focus on those journal entries at year end. In addition, as part of our audit procedures to address this fraud risk, we assessed the overall control environment and reviewed whether there had been any reported actual or alleged instances of fraudulent activity during the year. For Related Parties, we have inquired with the client as the relevant related parties. We have also assessed the Company's procedures regarding related parties.

Other matter

The financial statements of the prior period were audited by the predecessor auditor. An unqualified opinion was issued on 25 June 2018.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 11, 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

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF RIVERFORT GLOBAL OPPORTUNITIES PLC
FOR THE YEAR ENDED 31 DECEMBER 2018

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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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 Auditors' 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.

Eric Hindson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

27 June 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
CONTINUING OPERATIONS:			
Net loss from financial instruments at FVTPL	4	(929,412)	(811,467)
Investment income	5	512,743	11,934
TOTAL INCOME		(416,669)	(799,533)
Administrative expenses	7	(278,707)	(336,152)
Other gains and losses	6	(35,816)	–
LOSS BEFORE TAXATION		(731,192)	(1,135,685)
Taxation	11	–	–
LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		(731,192)	(1,135,685)
EARNINGS PER SHARE	12		
Basic and fully diluted loss per share		(0.018p)	(0.112p)

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
NON-CURRENT ASSETS			
Financial asset investments	13	1,540,456	2,252,373
		1,540,456	2,252,373
CURRENT ASSETS			
Financial asset investments	13	2,253,259	–
Trade and other receivables	14	206,107	37,863
Cash and cash equivalents	15	3,597,734	211,795
		6,057,100	249,658
TOTAL ASSETS		7,597,556	2,502,031
CURRENT LIABILITIES			
Trade and other payables	16	307,013	53,262
Other financial liabilities	17	35,816	–
		342,829	53,262
NET ASSETS		7,254,727	2,448,769
EQUITY			
Share capital	18	10,042,273	4,269,546
Share premium account	18	3,191,257	3,191,257
Capital redemption reserve	19	27,000	27,000
Share option reserve	19	–	73,150
Retained losses		(6,005,803)	(5,112,184)
TOTAL EQUITY		7,254,727	2,448,769

These Financial Statements were approved by the Board of Directors on 27 June 2019 and were signed on its behalf by:

N Lee
Director

Company number: 269566

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £	Share premium £	Other reserves £	Retained losses £	Total equity £
BALANCE AT 1 JANUARY 2017	4,269,546	3,191,257	100,150	(3,976,499)	3,584,454
Loss for the year and total comprehensive expense	–	–	–	(1,135,685)	(1,135,685)
BALANCE AT 31 DECEMBER 2017	4,269,546	3,191,257	100,150	(5,112,184)	2,448,769
Loss for the year and total comprehensive expense	–	–	–	(731,192)	(731,192)
Share option reserve transfer following cancellation of options	–	–	(73,150)	73,150	–
Share issues	5,772,727	77,273	–	–	5,850,000
Share issue expenses	–	(77,273)	–	(235,577)	(312,850)
Transactions with owners	5,772,727	–	–	(235,577)	5,537,150
BALANCE AT 31 DECEMBER 2018	10,042,273	3,191,257	27,000	(6,005,803)	7,254,727

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(731,192)	(1,135,685)
Investment income	5	(512,743)	(11,934)
Net losses on investments	4	929,412	811,467
Unrealised loss on foreign currency contract	17	35,816	–
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL		(278,707)	(336,152)
Decrease/(Increase) in trade and other receivables	14	14,963	(8,721)
Increase in trade and other payables	16	10,805	10,892
NET CASH USED BY OPERATING ACTIVITIES		(252,939)	(333,981)
INVESTING ACTIVITIES			
Purchase of investments	13	(3,204,994)	(321,167)
Disposal of investments	13	783,975	206,844
Debt instrument repayments	13	193,211	–
Investment income received		329,536	11,934
NET CASH USED IN INVESTING ACTIVITIES		(1,898,272)	(102,389)
FINANCING ACTIVITIES			
Share issues	18	5,850,000	–
Share issue costs	18	(312,850)	–
NET CASH FROM FINANCING ACTIVITIES		5,537,150	–
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,385,939	(436,370)
Cash and cash equivalents at the beginning of the year		211,795	648,165
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		3,597,734	211,795

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 GENERAL INFORMATION

RiverFort Global Opportunities plc is a public limited company incorporated in the United Kingdom. The shares of the Company are listed on the Alternative Investment Market (AIM). The address of its registered office is Suite 12a, 55 Park Lane, London, W1K 1NA. The Company's principal activities are described in the Directors' Report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout all periods presented in the financial statements.

As in prior periods, the Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFIRC interpretations (IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) at fair value. The measurement basis is more fully described in the accounting policies below.

The financial statements are presented in pounds sterling (£) which is the functional currency of the Company. The comparative figures are for the year ended 31 December 2017.

GOING CONCERN

The Company's assets comprise mainly cash, debt securities and quoted securities. As at 20 June 2019, the Company had cash resources of £2,036,000 and has prepared cash forecasts to June 2020 that show that the company has sufficient cash resources for the foreseeable future; accordingly, the directors believe that as at the date of this report it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. These estimates and assumptions are based upon management's knowledge and experience of the amounts, events or actions. Actual results may differ from such estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In certain circumstances, where fair value cannot be readily established, the Company is required to make judgements over carrying value impairment, and evaluate the size of any impairment required.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The Company also holds unquoted share warrants as level 3 investments. The fair values of these warrants have been obtained using the Black Scholes valuation model, and applying a 75% discount to allow for the warrants being untraded derivatives and with the underlying securities being traded on junior markets. This model makes certain assumptions relating to the volatility of the underlying Company's share price which are applied in the calculation of the fair value of the warrants. The volatility is measured based on the volatility of the share price of the underlying share over the 12 months prior to the issue of the warrants.

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New standards, amendments and interpretations adopted by the Company

The company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2018:

- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from contracts with customers;
- Annual improvements 2014-2016 cycle;

IMPACT OF ADOPTION OF IFRS 9

The classification and measurement requirements of IFRS 9 have been adopted with effect from the date of initial application on 1 January 2018. However, the Company has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Company's financial assets and financial liabilities as at 1 January 2018:

1 January 2018	IAS 39 classification	IAS 39 measurement £	IFRS 9 classification	IFRS 9 measurement £
Financial assets				
Cash and cash equivalents	Loans and receivables	211,795	Amortised cost	211,795
Financial assets at fair value through profit or loss	Held for trading at fair value through profit or loss	2,252,373	Fair value through profit or loss	2,252,373
Financial liabilities				
Payables	Other financial liabilities	22,067	Amortised cost	22,067

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

REVENUE RECOGNITION

INVESTMENT INCOME

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income on an ex-dividend basis.

Interest on fixed interest debt securities, designated at fair value through profit or loss, is recognised using the effective interest rate method. Other structured finance fees are recognised on the date of the relevant agreement.

Bank deposit interest is recognised on an accruals basis.

FOREIGN CURRENCY TRANSLATION

In preparing the financial statements of the Company transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CURRENT AND DEFERRED TAX

Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised directly in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Temporary differences include those associated with shares in subsidiaries and joint ventures and are only not recognised if the Company controls the reversal of the difference and it is not expected for the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the statement of financial position date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited to equity in which case the related deferred tax is also charged or credited directly to equity.

SEGMENTAL REPORTING

The accounting policy for identifying segments is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker, which is identified as the Board of Directors.

In identifying its operating segments, management generally follows the Company's service lines which represent the main products and services provided by the Company. The Directors believe that the Company's continuing investment operations comprise one segment.

FINANCIAL ASSETS

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL ASSETS INVESTMENTS

CLASSIFICATION OF FINANCIAL ASSETS

The Company holds financial assets including equities and debt securities. On 1 January 2018, the Company adopted IFRS 9 Financial Instruments (IFRS 9). IFRS 9 replaces the classification and measurement models previously contained in IAS 39 Financial Instruments: Recognition and Measurement. The classification and measurement of financial assets at 31 December 2018 is in accordance with IFRS 9 and the classification and measurement of financial assets at 31 December 2017 is in accordance with IAS 39 as the Group has not restated comparative information.

On the initial recognition, the Company classifies financial assets as measured at amortised cost or FVTPL. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

BUSINESS MODEL ASSESSMENT

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

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realised cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment advisor is compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cashflows collected

IFRS 9 subsection B4.1.1-B4.1.2 stipulates that the objective of the entity's business model is not based on management's intentions with respect to an individual instrument, but rather determined at a higher level of aggregation. The assessment needs to reflect the way that an entity manages its business.

The company has determined that it has two business models.

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

VALUATION OF FINANCIAL ASSET INVESTMENTS

Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which comprises the proceeds of sale less any transaction cost. The fair value of the financial instruments in the balance sheet is based on the quoted bid price at the balance sheet date, with no deduction for any estimated future selling cost. The valuations in respect of unquoted investments (Level 2 and Level 3 financial assets) are explained in note 13. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the consolidated statement of comprehensive income as "Net gains/(losses) on investments". Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. They are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method.

OTHER RECEIVABLES

Other receivables from third parties are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

A provision for impairment is made when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. Impaired debts are derecognised when they are assessed as uncollectible.

FINANCIAL LIABILITIES

The Company's financial liabilities comprise trade payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instruments.

TRADE PAYABLES

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit or loss for the year after tax by the weighted average number of shares in issue, and is measured in pence per share.

EQUITY

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Capital redemption reserve" represents the nominal value of shares repurchased or redeemed by the Company.
- "Option reserve" represents the cumulative cost of share based payments.
- "Retained losses" represents retained losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

3 SEGMENTAL INFORMATION

The Company is organised around business class and the results are reported to the Chief Operating Decision Maker according to this class. There is one continuing class of business, being the investment in junior listed and unlisted companies.

Given that there is only one continuing class of business, operating within the UK no further segmental information has been provided.

4 NET LOSS ON INVESTMENTS

	2018	2017
	£	£
Net realised (losses)/gains on disposal of investments	(19,764)	92,473
Net movement in fair value of investments	(964,582)	(903,940)
Net foreign exchange gain on investments	54,934	–
Net (loss) on investments	(929,412)	(811,467)

5 INVESTMENT INCOME

	2018	2017
	£	£
Structured finance fees	394,869	–
Deposit interest receivable	–	1,871
Other interest receivable	117,874	10,063
	512,743	11,934

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

6 OTHER GAINS AND LOSSES

	2018	2017
	£	£
Unrealised loss on foreign currency contract	(35,816)	-
	(35,816)	-

7 LOSS FOR THE YEAR

	2018	2017
	£	£
Profit for the year has been arrived at after charging:		
Wages and salaries	87,612	131,329
Office rent	8,740	27,792
Stock Exchange fees	22,158	11,399
Share registrars' fees	5,101	3,451
Nominated advisor fees	27,400	33,830
Corporate broking fees	24,000	24,000
Audit and tax compliance	27,304	14,100
Other legal and professional fees	49,258	51,935
Other administrative expenses	36,433	38,316
Net foreign exchange translation difference	(9,299)	-
Total administrative expenses as per the statement of comprehensive income	278,707	336,152

AUDITOR'S REMUNERATION

During the year the Company obtained the following services from the Company's auditor:

	2018	2017
	£	£
Fees payable to the Company's auditor for the audit of the parent company and the Company financial statements	24,000	12,000
Fees payable to the Company's auditor and its associates for other services:		
Other services relating to taxation	3,304	2,100
	27,304	14,100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

8 DIRECTORS' EMOLUMENTS

			2018	2017
			£	£
Aggregate emoluments			81,667	120,000
Social security costs			5,945	11,329
			87,612	131,329
Name of director	Salaries	Benefits	Total 2018	Total 2017
	£	£	£	£
N Lee	57,334	–	57,334	84,000
A van Dyke	24,333	–	24,333	36,000
A Nesbitt	–	–	–	–
	81,667	–	81,667	120,000

9 EMPLOYEE INFORMATION

	2018	2017
	£	£
Wages and salaries	81,667	120,000
Social security costs	5,945	11,329
	87,612	131,329
Average number of persons employed:		
	2018	2017
	Number	Number
Office and management	2	2

COMPENSATION OF KEY MANAGEMENT PERSONNEL

There are no key management personnel other than the Directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

10 SHARE BASED PAYMENTS

EQUITY-SETTLED SHARE OPTION SCHEME

The Company operates share-based payment arrangements to remunerate directors and key employees in the form of a share option scheme. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

On 26 October 2011, Nicholas Lee was granted options to subscribe for 28,000,000 new ordinary shares in the Company at an exercise price of 0.32p per share. The options are exercisable for a period of ten years from the date of grant, with one third becoming exercisable on the first, second and third anniversaries of the date of grant respectively.

On 13 March 2012, Nicholas Lee was granted options to subscribe for 14,000,000 new ordinary shares in the Company at an exercise price of 0.48p per share. The options are exercisable for a period of ten years from the date of grant, with one third becoming exercisable on the first, second and third anniversaries of the date of grant respectively. The fair value of these options was determined using the Black-Scholes option pricing model and was £0.22p per option.

All remaining options were cancelled during the year. The deemed benefit of the options using the Black-Scholes model was fully expensed in previous years so there has been no charge to the profit and loss account in respect of their cancellation in the current year.

The significant inputs to the model in respect of the options granted in 2014, 2012 and 2011 were as follows:

	2014	2012	2011
Grant date share price	0.26p	0.48p	0.32p
Exercise share price	0.26p	0.48p	0.32p
No. of share options	20,000,000	14,000,000	28,000,000
Risk free rate	2.5%	3%	3%
Expected volatility	50%	40%	40%
Option life	10 years	10 years	10 years
Calculated fair value per share	0.14p	0.22p	0.15p

The total share-based payment expense recognised in the income statement for the year ended 31 December 2018 in respect of the share options granted was £Nil (2017: £Nil).

Number of options at 1 Jan 2018	Granted in the year	Exercised in the year	Cancelled in the year	Number of options at 31 Dec 2018	Exercise price	Vesting Date	Expiry date
9,333,334	–	–	9,333,334	–	0.32p	26.10.2012	26.10.2021
4,666,667	–	–	4,666,667	–	0.48p	13.03.2013	13.03.2022
9,333,333	–	–	9,333,333	–	0.32p	26.10.2013	26.10.2021
4,666,667	–	–	4,666,667	–	0.48p	13.03.2014	13.03.2022
9,333,333	–	–	9,333,333	–	0.32p	26.10.2014	26.10.2021
4,666,667	–	–	4,666,666	–	0.48p	13.03.2015	13.03.2022
42,000,000	–	–	42,000,000	–	0.37p		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

11 INCOME TAX EXPENSE

	2018	2017
	£	£
Current tax - continuing operations	-	-

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average rate applicable to profits of the Consolidated entities as follows:

	2018	2017
	£	£
Profit/(loss) before tax from continuing operations	(731,192)	(1,135,685)
Profit/(loss) before tax multiplied by rate of corporation tax in the UK of 19% (2017: 19.25%)	(138,926)	(218,619)
Expenses not deductible for tax purposes	1,182	2,728
Offset against tax losses brought forward	-	-
Unrelieved tax losses carried forward	137,744	215,891
Total tax	-	-

Unrelieved tax losses of approximately £5,210,000 (2017: £4,485,000) remain available to offset against future taxable trading profits. No deferred tax asset has been recognised in respect of the losses as recoverability is uncertain.

12 EARNINGS PER SHARE

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

	2018	2017
	£	£
loss attributable to equity holders of the Company:		
loss from continuing operations	(731,192)	(1,135,685)
loss for the year attributable to equity holders of the Company	(731,192)	(1,135,685)
Weighted average number of ordinary shares in issue for basic and fully diluted earnings*	4,152,597,991	1,016,607,956

EARNINGS/(LOSS) PER SHARE

BASIC AND FULLY DILUTED:

- Basic (loss)/earnings per share from continuing and total operations	(0.018p)	(0.112p)
- Fully diluted (loss)/earnings per share from continuing and total operations	(0.018p)	(0.112p)

*No adjustment to earnings per share for fully diluted earnings has been made as the exercise of options would be anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

13 FINANCIAL ASSETS

All financial assets are designated at fair value through profit and loss ("FVTPL")

	2018 £	2017 £
At 1 January - fair value	2,252,373	2,949,517
Acquisition of equity investments	–	321,167
Equity investment disposal proceeds	(983,975)	(206,844)
Net (loss)/gain on disposal of investments	(19,764)	92,473
Movement in fair value of investments	(651,836)	(903,940)
	596,798	2,252,373
Acquisition of debt securities designated at FVTPL	3,647,940	–
Debt security repayments	(193,211)	–
Movement in fair value of debt securities	(312,746)	–
Net foreign exchange gain on debt securities	54,934	–
At 31 December - fair value	3,793,715	2,252,373

	Current		Non-current	
	2018 £	2017 £	2018 £	2017 £
Categorised as:				
Level 1 - Quoted investments	–	–	507,880	1,811,625
Level 2 - Unquoted investments	2,253,259	–	943,658	263,513
Level 3 - Unquoted investments	–	–	88,918	177,235
	2,253,259	–	1,540,456	2,252,373

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

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

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

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

The valuation techniques used by the company are explained in the accounting policy note, "Investments held for trading".

LEVEL 2 FINANCIAL ASSETS

Level 2 financial assets comprise debt securities valued by reference to their principal value, less appropriate allowance where there is a doubt as to whether the principal amount will be fully repaid in accordance with the contractual terms of the obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

13 FINANCIAL ASSETS (continued)

LEVEL 3 FINANCIAL ASSETS

Reconciliation of Level 3 fair value measurement of financial assets

	2018	2017
	£	£
Brought forward	177,235	392,149
Disposal proceeds	(200,000)	–
Loss on disposals	(100,000)	–
Fair value of share warrants	50,418	–
Movement in fair value	161,265	(214,914)
Carried forward	88,918	177,235

The Company's level 3 investments comprise shares in Eridge Capital Limited ("Eridge") and a number of unquoted share warrants. The shares in Eridge have been valued in line with the approximate net asset value of Eridge. The share warrants have been valued using the Black-Scholes valuation model, discounted by 75% to allow for there being no trading market for the warrant instruments and the underlying shares are quoted on the London Stock Exchange's secondary Alternative Investment Market.

In line with the investment strategy adopted by the Company, Nicholas Lee is on the boards of the following investee companies:

	% holding	
	2018	2017
Pires Investments plc	24.6%	24.8%
Eridge Capital Limited (resigned 30 June 2018)	7.7%	7.7%

14 TRADE AND OTHER RECEIVABLES

	2018	2017
	£	£
Other receivables	17,528	20,816
Prepayments and accrued income	188,579	17,047
	206,107	37,863

The Directors consider that the carrying amount of other receivables is approximately equal to their fair value.

15 CASH AND CASH EQUIVALENTS

	2018	2017
	£	£
Cash and cash equivalents	3,597,734	211,795

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

16 TRADE AND OTHER PAYABLES

	2018 £	2017 £
Trade payables	21,989	22,067
Other payables	242,946	–
Accrued expenses	42,078	31,195
	307,013	53,262

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

17 OTHER FINANCIAL LIABILITIES

	2018 £	2017 £
Liability in respect of foreign exchange contract	35,816	–
	35,816	–

On 1 November 2018 the Company entered into a forward contract for the sale and purchase of USD 2,900,000 for settlement on 31 January 2019. At 31 December 2018 the potential liability on the contract was £35,816.

18 SHARE CAPITAL

	Number of shares		Share capital		Share premium
	Deferred	Ordinary	Deferred £	Ordinary £	£
ISSUED AND FULLY PAID:					
At 1 January 2017:					
Deferred shares of 9.9p each	32,857,956		3,252,938		
Ordinary shares of 0.1p each		1,016,607,956		1,016,608	3,191,257
At 1 January and 31 December 2017	32,857,956	1,016,607,956	3,252,938	1,016,608	3,191,257
Issue of shares (see note below)		5,772,727,270		5,772,727	–
At 31 December 2018	32,857,956	6,789,335,226	3,252,938	6,789,335	3,191,257

The deferred shares have restricted rights such that they have no economic value.

Share issues in year

On 18 January 2018, 772,727,270 new ordinary shares of 0.1p were issued for cash at 0.11p each as a result of a placing, raising £850,000 before expenses which totalled £85,000.

On 26 June 2018, 4,500,000,000 new ordinary shares of 0.1p were issued for cash at 0.1p each as a result of a placing, raising £4,500,000 before expenses which totalled £199,850.

On 31 October 2018, 500,000,000 new ordinary shares of 0.1p were issued for cash at 0.1p each as a result of a placing, raising £500,000 before expenses of £28,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

19 OTHER RESERVES

	Capital redemption reserve £	Share option reserve £	Total Other reserves £
Balance at 1 January 2017 and 31 December 2017	27,000	73,150	100,150
Transfer to Profit and Loss account on cancellation of options	–	(73,150)	(73,150)
Balance at 31 December 2018	27,000	–	27,000

20 RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The main risks the Company is exposed to through its financial instruments are credit risk, foreign currency risk, liquidity risk, market price risk and operational risk.

CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Company's growth; and
- to provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes. The Company is not subject to externally imposed capital requirements.

CREDIT RISK

The Company's financial instruments that are subject to credit risk are cash and cash equivalents and loans and receivables. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable financial institutions. The credit risk for loans and receivables is mainly in respect of short term loans, made on market terms, which are monitored regularly by the Board.

The Company's maximum exposure to credit risk is £3,615,262 (2017: £232,611) comprising cash and cash equivalents and loans and receivables.

The ageing profile of trade and other receivables was:

	2018 Total book value £	2017 Total book value £
Current	17,528	20,816
Overdue for less than one year	–	–
	17,528	20,816

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

LIQUIDITY RISK

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through maintaining a positive cash balance and controlling expenses and commitments. The Directors are confident that adequate resources exist to finance current operations.

FOREIGN CURRENCY RISK

The Company invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in US dollars (USD). Consequently, the Company is exposed to the risk that the exchange rate of its currency relative to other foreign currencies may change in manner that has an adverse effect on the fair value of the future cashflows of the Company's financial assets denominated in currencies other than the GBP.

The Company's policy is to use derivatives to manage its exposure to foreign currency risk. The instruments used are foreign currency forward contracts. The Company does not apply hedge accounting.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	£	£	£	£
US Dollars	*2,272,730	–	3,301,087	–
	2,272,730	–	3,301,087	–

*This amount is in respect of a forward contract to be settled on 31 January 2019.

The following table details the Company's sensitivity to a 5 per cent increase and decrease in GBP against the US Dollar. 5 per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the GBP/USD rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5 per cent change in the GBP/USD rate. A positive number below indicates an increase in profit and other equity where GBP weakens 5 per cent against the relevant currency. For a 5 per cent strengthening of GBP against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	US Dollars	
	31 Dec 2018	31 Dec 2017
	£	£
Profit and loss	51,418	–
	51,418	–

INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk is mitigated by the Company only entering into fixed rate interest agreements, therefore detailed analysis of interest rate risk is not disclosed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

MARKET PRICE RISK

The Company's exposure to market price risk mainly arises from potential movements in the fair value of its investments. The Company manages this price risk within its long-term investment strategy to manage a diversified exposure to the market. If each of the Company's equity investments were to experience a rise or fall of 10% in their fair value, this would result in the Company's net asset value and statement of comprehensive income increasing or decreasing by £80,000 (2017: £225,000).

Exposure to market price risk also arises in respect of the Company's investments in debt securities which are mainly denominated in US Dollars.

The Company's strategy for the management of market risk is driven by the Company's investment objective, which is focused on deploying its capital in investments that provide both income and downside protection. It is expected that the Company will deliver returns to shareholders through a combination of capital growth and dividend income.

The Company's market risk is managed on a continuous basis by the Investment Advisor in accordance with the policies and procedures in place. The Company's market positions are monitored on a quarterly basis by the board of directors.

OPERATIONAL RISK

Operational Risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's activities with financial instruments, either internally within the Company or externally at the Company's service providers such as cash custodians/brokers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour.

The Company's objective is to manage operational risk so as to balance the limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to shareholders.

The primary responsibility for the development and implementation of controls over the operational risk rests with the board of directors. This responsibility is supported by the development of overall standards for the management of operational risk, which encompasses the controls and processes over the investment, finance and financial reporting functions internally and the establishment of service levels with various service providers, in the following areas:

- Appropriate segregation of duties between various functions, roles and responsibilities;
- Reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements;

The directors' assessment of the adequacy of the controls and processes at the service providers with respect to operational risk is carried out via ad hoc discussions with the service providers. Substantially all the of the assets of the Company are held by Barclays Bank UK, Shard Capital Brokers, Monex Europe. The bankruptcy or insolvency of the Company's cash custodian/brokers may cause the Company's rights with respect to the securities or cash and cash equivalents held by cash custodian/ broker to be limited. The board of directors' monitors capital adequacy and reviews other publicly available information of its cash custodian/broker on a quarterly basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

21 FINANCIAL INSTRUMENTS

The Company uses financial instruments, other than derivatives, comprising cash to provide funding for the Company's operations.

CATEGORIES OF FINANCIAL INSTRUMENTS

The IFRS 9 categories of financial asset included in the statement of financial position and the headings in which they are included are as follows:

	2018	2017
	£	£
FINANCIAL ASSETS:		
Cash and cash equivalents	3,597,734	211,795
Financial assets at amortised cost	17,528	20,816
Financial assets at fair value through profit or loss	3,793,715	2,252,373

FINANCIAL LIABILITIES AT AMORTISED COST:

The IFRS 9 categories of financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

	2018	2017
	£	£
Trade and other payables	264,935	22,067
Liability under foreign currency exchange contract	35,816	–

22 RELATED PARTY TRANSACTIONS

The compensation payable to Key Management personnel comprised £81,667 (2017: £120,000) paid by the Company to the Directors in respect of services to the Company. Full details of the compensation for each Director are provided in Note 7.

Nicholas Lee's directorships of companies in which Riverfort Global Opportunities plc has an investment are detailed in Note 13.

23 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities or capital commitments at 31 December 2018 or 31 December 2017.

24 POST YEAR END EVENTS

There were no material post year-end events.

25 ULTIMATE CONTROLLING PARTY

The Directors do not consider there to be a single ultimate controlling party.