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RiverFort Global Opportunities PLC
05 June 2020

For immediate release **5 June 2020**

RiverFort Global Opportunities plc

Financial Statements

for the year ended 31 December 2019

RiverFort Global Opportunities plc, the investment company listed on AIM, is pleased to announce its audited final results for the year ended 31 December 2019 (extracts from which are set out below) and that the financial statements will shortly be posted to shareholders and made available on the website www.riverfortglobalopportunities.com

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CHAIRMAN'S STATEMENT

During the year ended 31 December 2019, the Company has continued to operate as an investment company.

FINANCIAL REVIEW

For the year to 31 December 2019, the Company made a profit from continuing operations of £623,690 (2018: loss of £731,192). The net asset value of the Company as at 31 December 2019 was £7,878,417 (2018: £7,254,727).

The Company's investment portfolio at 31 December 2019 is divided into the following categories:

Category	**Cost or valuation (£)**
Debt and equity-linked debt investments	4,349,211
Equity investments and other	848,635
Cash resources	2,624,480
Total	**7,822,326**

REVIEW OF THE YEAR

2019 has been another very busy year during which the Company has been actively deploying its investment capital by investing principally in listed junior companies through debt and equity linked products.

These investment structures lower volatility and risk and enable the Company to drive profits and cash income. We believe that this is an attractive investment strategy and by investing in the Company, investors are able to gain access to this investment strategy via a publicly listed vehicle. As at the end of the year, the Company held around £4.3 million of its investment portfolio in this type of investment. The Company also has a small equity portfolio which now principally comprises its investment in Pires Investments plc.

As a result of the strategy described above, the Company's results for the year have significantly improved compared to the previous year and clearly validate the Company's focus on building its debt and equity-linked debt portfolio.

Income breakdown	**2019**	**2018**
	£000	**£000**
Investment income	889	513
Net gain/(loss) from financial instruments at FVTPL	128	(929)
Net foreign exchange losses on other financial instruments	(69)	(30)
Total income	**948**	**(446)**
Administration costs	(303)	(288)
Other gains and losses	(21)	3
Operating profit/(loss)	**624**	**(731)**

Investment income derives principally from the fees and interest income in relation to our debt and equity linked debt investments. The net gain/loss from financial instruments at FVTPL represents the impact of valuing the investment portfolio at fair value as described under IFRS 9 accounting policy.

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 look to actively invest its capital in new opportunities and there continues to be ongoing interest for funding from junior listed companies which can deliver attractive investment returns, particularly given the current Covid-19 pandemic situation as funding has become more difficult. However, given the uncertainty created by the Covid-19 pandemic, the Company has held back on capital deployment during Q1 of 2020 and has focused on recovering cash from its investments in order to reduce risk. This has been achieved successfully and so, as a result, the Company still has a substantial cash balance to deploy. As the outlook becomes clearer, the Company will begin to deploy more capital.

As we have previously mentioned, we are focused on delivering returns to shareholders and, to this end, we have now successfully implemented a capital reorganisation and reduction which will enable us to pay both dividends and buy back shares. At this stage, however, given the Covid-19 pandemic situation, we believe that it is prudent to retain cash until the outlook is more certain.

In summary, we very much believe that the year's results demonstrate that the Company has made significant progress and is very well placed to build on this progress going forward into 2020.

Philip Haydn-Slater
Non-Executive Chairman

4 June 2020

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Introduction

The Company is an investment company listed on the AIM market of the London Stock Exchange. It is principally focused on investing in junior listed companies by way of debt or equity-linked debt investments. Returns are principally generated through a combination of fees, interest and other equity linked or performance-based instruments. This investing strategy enables the Company to reduce the risk and volatility normally associated with investing in junior companies solely by way of equity, and to generate cash income and returns.

Debt and equity linked portfolio

During the year, the Company has been focused on building up its portfolio and, as at the year end, the value of these investments amounted to £4,349,211. As at the year end, this portfolio comprised investments across seventeen different companies including Jubilee Metals plc, Savannah Petroleum plc, Infrastrata plc, Angus Energy plc and UK Oil and Gas plc.

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. 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 calculated using the Black-Scholes option pricing model and the resulting figure is discounted by 75% to reflect the level of expected return associated with such holdings given their highly volatile nature.

Equity and other portfolio

At the year end, the Company's equity portfolio comprised the following:

Company	Description	Current value of investment £000
Pires Investments plc	An investment company listed on AIM	484
Other	Various small holdings in listed and unlisted companies	364
Total		848

In February 2019, Pires Investments plc ("Pires") raised some additional funds and the Company invested in this fund raising in order to maintain its shareholding in Pires. During the course of 2019, Pires expanded its investing policy to include the technology sector and, since then, Pires has made some new technology investments which are doing well. In April 2020, Pires carried out a further fund raising such that once this is completed by the end of June 2020, the Company's holding in Pires will amount to 26,149,993 shares and 10,000,000 warrants.

KEY PERFORMANCE INDICATORS

The key performance indicators are set out below:

COMPANY STATISTICS	31 December 2019	31 December 2018	Change %
Net asset value	£7,878,417	£7,254,727	+8.5%
Net asset value - fully diluted per share	0.116p	0.107p	+8.5%
Closing share price	0.075p	0.09p	-17%
Net asset value premium to the share price	55%	19%	
Market capitalisation	£5,092,000	£6,110,000	-17%

On 3 March 2020, a 1 for 10 share consolidation was approved by shareholders, as part of the capital reduction which was then carried out by the Company post the year end. The Company's current share price is 0.75 pence per share ie 10 times higher than as at the year end as set out in the table above.

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 from its investments 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 21 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The current Covid-19 situation will continue to be monitored and is expected to evolve over time. The rapid development and fluidity of the situation makes it difficult to predict its ultimate impact at this stage. However, due to the nature of the Company's activities, the impact on the Company has been minimal, with continuing interest from junior companies for our investment capital. Management will, however, continue to assess the impact of Covid-19 on the Company.

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

S172 of the Companies Act 2006 requires the Board to promote the Company for the benefit of the members as a whole. In particular, the requirements of s172 are for the Directors to:

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

The Directors believe that during the year they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole and have adhered to the requirements set out above that are applicable to the Company given its scope of operations. So, for example, the Company, does not have any employees other than the directors, so considering employee interests is not relevant. However, the Company has been focused on implementing the investment strategy previously approved by shareholders in 2018 which has resulted in a significant improvement in financial performance compared to previous years.

GOING CONCERN

The Company's assets comprise mainly cash, debt securities and quoted securities. Since the year end and the onset of the Covid-19 pandemic, the Company has held back on capital deployment during Q1 2020 and has focused on recovering cash from its investments. Consequently, as at 1 June 2020, the Company's cash resources have continued to increase from the figure as at the year end. Furthermore, the Company has prepared cash forecasts to June 2021 that show that the Company has sufficient cash resources for the foreseeable future. The Directors have also considered the impact of Covid-19 and have concluded that, given the cash reserves in place and the level of the Company's ongoing costs, there are no material factors which are likely to affect the ability of the Company to continue as a going concern. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RIVERFORT GLOBAL OPPORTUNITIES PLC FOR THE YEAR ENDED 31 DECEMBER 2019

Opinion

We have audited the financial statements of RiverFort Global Opportunities plc (the 'company') for the year ended 31 December 2019 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 2019 and of its profit 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.

Emphasis of matter

We draw your attention to Note 2 of the financial statements, which describes the company's assessment of the COVID-19 impact on its ability to continue as a going concern The company has explained that the events arising from the COVID-19 outbreak do not impact its use of the going concern basis for preparation nor do they cast significant doubt about the company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue, due to the nature of the company's operations and the cash reserves available.

Our opinion is not modified in this respect.

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.

Our application of materiality

For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We also determine a level of performance materiality which we use to assess the extent of testing needed, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Materiality for the company financial statements as a whole was set at £120,000 (2018: £118,000). This has been calculated based on 1.5% of Gross Assets, being the same benchmark applied in the prior year. Using our professional judgement, we have determined this to be the principal benchmark within the financial statements as it is most relevant to stakeholders in assessing the financial performance of the company, based on the growth in the value of the company's investments.

We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at £84,000 (2018: £76,700), being 70% of materiality for the financial statements as a whole respectively.

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of £6,000 (2018: £5,900). We also agreed to report any other misstatements below that threshold that we believe warranted reporting on qualitative grounds.

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 and size.

The financial asset investments balance is highly material and incorporates both equity investments and structured finance investments, which were introduced for the first time in the prior 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, including those journal entries at year end. Additionally, as part of our audit procedures to address 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. Our work on related parties included assessment of the company's procedures, as well as discussions with the directors.

Key audit matters

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

Key audit matter	How the scope of our audit responded to the key audit matter
Verification, classification and ownership of Financial asset investments (Note 13) At the year end, the company held non-current and current financial asset investments of £5,197,846, which included Equity investments, Structured Finance investments and share warrants. There is a risk that the financial asset investments are classified and valued incorrectly and are not owned by the company. This matter was considered to be one of most significance in the audit due to the size, complexity and significance of estimates and judgements required in valuing the financial asset investments.	Our work in this area included: • Verifying ownership of the investments held at the year end; • Reviewing the valuation methodology for each type of investment and ensuring that the carrying values were appropriately supported; • Validating that gains and losses charged through to the Statement of Comprehensive Income have been classified and measured correctly; • Obtaining direct confirmations of a sample of investments held at the year end, and reconciling to the amounts due; • Reviewing the disclosures presented in the financial statements to ensure they are adequate and in line with IFRS 9 requirements; and • Reviewing the accounting treatment of the financial assets and ensuring they are in line with IFRS.

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 statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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
4HD

15 Westferry Circus
Canary Wharf
London E14

Date 4 June 2020

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
CONTINUING OPERATIONS:			
Investment income	4	**889,095**	512,743
Net gain/(loss) from financial instruments at FVTPL	5	**127,960**	(929,412)
Foreign exchange losses on other financial instruments	6	**(69,111)**	(29,645)
TOTAL OPERATING INCOME		**947,944**	(446,314)
Administrative expenses	7	**(302,770)**	(288,006)
Other gains and losses	8	**(21,484)**	3,128
PROFIT/(LOSS) BEFORE TAXATION		**623,690**	(731,192)
Taxation	11	–	–

PROFIT/(LOSS) FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		**623,690**	(731,192)
EARNINGS PER SHARE	12		
Basic and fully diluted earnings/(loss) per share		**0.009p**	(0.018p)

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
NON-CURRENT ASSETS			
Financial asset investments	13	**1,758,801**	1,540,456
		1,758,801	1,540,456
CURRENT ASSETS			
Financial asset investments	13	**3,439,045**	2,253,259
Trade and other receivables	14	**195,708**	206,107
Derivative financial assets	15	**40,925**	–
Cash and cash equivalents	16	**2,624,480**	3,597,734
		6,300,158	6,057,100
TOTAL ASSETS		**8,058,959**	7,597,556
CURRENT LIABILITIES			
Trade and other payables	17	**180,542**	307,013
Derivative financial liabilities	18	–	35,816
		180,542	342,829
NET ASSETS		**7,878,417**	7,254,727
EQUITY			
Share capital	19	**10,042,273**	10,042,273
Share premium account	19	**3,191,257**	3,191,257
Capital redemption reserve	20	**27,000**	27,000
Retained losses		**(5,382,113)**	(6,005,803)
TOTAL EQUITY		**7,878,417**	7,254,727

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Share premium £	Other reserves £	Retained losses £	Total equity £
BALANCE AT 1 JANUARY 2018	4,269,546	3,191,257	100,150	(5,112,184)	2,448,769

Total comprehensive income	–	–	–	(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
Total comprehensive income	–	–	–	**623,690**	**623,690**
BALANCE AT 31 December 2019	**10,042,273**	**3,191,257**	**27,000**	**(5,382,113)**	**7,878,417**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019		**2019**	2018
	Note	**£**	£
CASH FLOWS FROM OPERATING ACTIVITIES			
Investment income received		**888,676**	329,536
Operating expenses paid		**(280,512)**	(259,110)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**634,299**	70,426
INVESTING ACTIVITIES			
Purchase of investments		**(4,494,947)**	(3,204,994)
Disposal of investments	13	**123,770**	783,975
Debt instrument repayments	13	**2,935,611**	193,211
Settlement of forward currency contracts		**(98,279)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(1,533,845)**	(2,227,808)
FINANCING ACTIVITIES			
Net proceeds from share issues	19	–	5,537,150
NET CASH FROM FINANCING ACTIVITIES		–	5,537,150
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(925,681)**	3,379,768
Cash and cash equivalents at the beginning of the year		**3,597,734**	211,795
Effect of foreign currency exchange on cash		**(47,573)**	6,171
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15	**2,624,480**	3,597,734

4 INVESTMENT INCOME

	2019	2018
	£	£
Structured finance fees	**392,080**	394,869
Other interest receivable	**497,015**	117,874
	889,095	512,743

5 NET GAIN/(LOSS) ON INVESTMENTS

	2019	2018
	£	£
Net realised losses on disposal of investments	**(474,890)**	(19,764)
Net movement in fair value of investments	**680,568**	(964,582)
Net foreign exchange (loss)/gain on investments	**(77,718)**	54,934
Net gain/(loss) on investments	**127,960**	(929,412)

6 FOREIGN EXCHANGE GAINS/(LOSSES) ON OTHER FINANCIAL INSTRUMENTS

	2019	2018
	£	£
Net loss on foreign currency forward contracts	**(21,538)**	(35,816)
Exchange (loss)/gain on foreign currency cash balances	**(47,573)**	6,171
	(69,111)	(29,645)

7 EXPENSES BY NATURE

	2019	2018
	£	£

Profit for the year has been arrived at after charging:

Wages and salaries	**118,130**	87,612
Office rent	**–**	8,740
Stock Exchange fees	**13,845**	22,158
Share registrars' fees	**2,945**	5,101
Nominated advisor fees	**28,800**	27,400
Corporate broking fees	**35,400**	24,000
Audit and tax compliance	**29,040**	27,304
Other legal and professional fees	**47,595**	49,258
Other administrative expenses	**27,015**	36,433
Total administrative expenses as per the statement of comprehensive income	**302,770**	288,006

AUDITOR'S REMUNERATION

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

	2019 **£**	2018 £
Fees payable to the Company's auditor for the audit of the parent company and the Company financial statements	**25,200**	24,000
Fees payable to the Company's auditor and its associates for other services:		
Other services relating to taxation	**3,840**	3,304
	29,040	27,304

8 OTHER GAINS AND LOSSES

	2019 **£**	2018 £
Currency exchange differences	**(21,484)**	3,128
	(21,484)	3,128

9 DIRECTORS' EMOLUMENTS

	2019 **£**	2018 £
Aggregate emoluments	**109,000**	81,667
Social security costs	**9,130**	5,945
	118,130	87,612

Name of director	Salaries £	Consultancy fees £	**Total 2019 £**	Total 2018 £

P Haydn-Slater	12,000	*23,000	**35,000**	–
N Lee	52,000	–	**52,000**	57,334
A van Dyke	22,000	–	**22,000**	24,333
A Nesbitt	–	–	**–**	–
	86,000	23,000	**109,000**	81,667

*P Haydn-Slater's consultancy fees were invoiced by Musgrave Merchant Ltd, a company controlled by him.

10 EMPLOYEE INFORMATION

	2019	2018
	£	£
Wages and salaries	**86,000**	81,667
Consultancy fees	**23,000**	-
Social security costs	**9,130**	5,945
	118,130	87,612

Average number of persons employed:

	2019 Number	2018 Number
Office and management	**3**	2

COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

11 INCOME TAX EXPENSE

	2019	2018
	£	£
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:

	2019	2018
	£	£
Profit/(loss) before tax from continuing operations	**623,690**	(731,192)
Profit/(loss) before tax multiplied by rate of corporation tax in the UK of 19% (2018: 19%)	**118,501**	(138,926)
Expenses not deductible for tax purposes	**356**	1,182
Offset against tax losses brought forward	**(118,857)**	–
Unrelieved tax losses carried forward	**–**	137,744

Total tax	–	–

Unrelieved tax losses of approximately £4,580,000 (2018: £5,210,000) 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.

	2019	2018
	£	£
Profit/(loss) attributable to equity holders of the Company:		
Profit/(loss) from continuing operations	**623,690**	(731,192)
Profit/(loss) for the year attributable to equity holders of the Company	**623,690**	(731,192)
Weighted average number of ordinary shares in issue for basic and fully diluted earnings	**6,789,335,226**	4,152,597,991

EARNINGS PER SHARE		
BASIC AND FULLY DILUTED:		
- Basic earnings/(loss) per share from continuing and total operations	**0.009p**	(0.018p)
- Fully diluted earnings/(loss) per share from continuing and total operations	**0.009p**	(0.018p)

Following the share reorganisation in March 2020, each shareholder received one new ordinary share in exchange for every 10 ordinary shares previously held and this will have the effect in future periods that earnings per share will increase by a factor of 10 compared to the year under review.

13 FINANCIAL ASSETS

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

	2019	2018
	£	£
At 1 January - fair value	**3,793,715**	2,252,373
Acquisition of investments designated at FVTPL	**4,335,552**	3,647,940
Equity investment disposal proceeds	**(123,770)**	(983,975)
Debt security repayments	**(2,935,611)**	(193,211)
Net loss on disposal of investments	**(474,890)**	(19,764)
Movement in fair value of investments	**680,568**	(964,582)
Net foreign exchange (loss)/gain on debt securities	**(77,718)**	54,934
At 31 December - fair value	**5,197,846**	3,793,715

	Current		Non-current	
	2019	2018	**2019**	2018

	£	£	£	£
Categorised as:				
Level 1 - Quoted investments	–	–	**609,704**	507,880
Level 2 - Unquoted investments	**3,439,045**	2,253,259	**1,110,166**	943,658
Level 3 - Unquoted investments	–	–	**38,931**	88,918
	3,439,045	2,253,259	**1,758,801**	1,540,456

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.

LEVEL 3 FINANCIAL ASSETS

Reconciliation of Level 3 fair value measurement of financial assets

	2019	2018
	£	£
Brought forward	**88,918**	177,235
Disposal proceeds	–	(200,000)
Loss on disposals	–	(100,000)
Fair value of share warrants	–	50,418
Movement in fair value	**(49,987)**	161,265
Carried forward	**38,931**	88,918

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 board of the following investee company:

	% holding	
	2019	2018
Pires Investments plc	**24.3%**	24.6%

14 TRADE AND OTHER RECEIVABLES

	2019	2018
	£	£
Other receivables	**19,547**	17,528
Prepayments and accrued income	**176,161**	188,579
	195,708	206,107

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

15 DERIVATIVE FINANCIAL ASSETS

	2019	2018
	£	£
Foreign currency forward contract	**40,925**	–

16 CASH AND CASH EQUIVALENTS

	2019	2018
	£	£
Cash and cash equivalents	**2,624,480**	3,597,734

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

TRADE AND OTHER PAYABLES

17

	2019	2018
	£	£
Trade payables	**43,723**	21,989
Other payables	**69,134**	242,946
Accrued expenses	**67,685**	42,078
	180,542	307,013

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

Trade payables and Other payables are all due within 6 months of the year end.

DERIVATIVE FINANCIAL LIABILITIES

18

	2019	2018

	£	£
Foreign currency forward contract	–	35,816
	–	35,816

19 SHARE CAPITAL

	Number of shares		Share capital		Share
	Deferred	Ordinary	Deferred	Ordinary	premium
			£	£	£
ISSUED AND FULLY PAID:					
At 1 January 2018:					
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
	32,857,956	1,016,607,956	3,252,938	1,016,608	3,191,257
Issue of shares		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
At 31 December 2019	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.

There is no authorised amount of share capital.

20 OTHER RESERVES

	Capital redemption reserve	Share option reserve	Total Other reserves
	£	£	£
Balance at 1 January 2018	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
Balance at 31 December 2019	27,000	–	27,000

21 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 £2,684,952 (2018: £3,615,262) comprising cash and cash equivalents and other receivables.

The ageing profile of trade and other receivables was:

	2019	2018
	Total book value	Total book value
	£	£
Current	**60,472**	17,528
Overdue for less than one year	**–**	–
	60,472	17,528

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 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	£	£	£	£
US Dollars	2,300,000	*2,272,730	3,391,429	3,301,087

	2,300,000	2,272,730	3,391,429	3,301,087

*This amount is in respect of a forward contract 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 2019	31 Dec 2018
	£	£
Profit and loss	54,571	51,418
	54,571	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.

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 £63,000 (2018: £80,000).

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.

22 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:

	2019	2018
	£	£
FINANCIAL ASSETS:		
Cash and cash equivalents	**2,624,480**	3,597,734
Financial assets at amortised cost	**60,472**	17,528
Financial assets at fair value through profit or loss	**5,197,846**	3,793,715

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:

	2019	2018
	£	£
Trade and other payables	**112,857**	264,935
Liability under foreign currency exchange contract	–	35,816

23 RELATED PARTY TRANSACTIONS

The compensation payable to Key Management personnel comprised £109,000 (2018: £81,667) 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 8.

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

Riverfort Global Capital Limited ("RGCL") acts as investment adviser to the Company and under the AIM Rules it is therefore regarded as a related party. RGCL charges advisory fees which comprise an annual fee based on two per cent. of the Company's net assets and a performance fee based on 20 per cent. of the realised profits generated for the Company from each new investment arranged for it by RGCL. RGCL agreed to waive these fees for 2019 in return for a one year extension by the Company of the advisory agreement between the Company and RGCL.

24 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

There were no contingent liabilities or capital commitments at 31 December 2019 or 31 December 2018.

25 POST YEAR END EVENTS

The current Covid-19 situation will continue to be monitored and is expected to evolve over time. The rapid development and fluidity of the situation makes it difficult to predict its ultimate impact at this stage. However, due to the nature of the Company's activities, the impact on the Company has been minimal, and in fact has actually resulted in an increase demand for our investment capital. Management will, however, continue to assess the impact of Covid-19 on the Company.

Post the year end, the Company embarked on a 10 for 1 share consolidation and capital reduction in order to reduce the deficit on reserves so as to enable the Company to pay a dividend and buyback of its own shares. The capital reduction became effective on 29 April 2020.

On 24 April 2020, Pires Investments plc ("Pires"), in which the Company has a significant shareholding, undertook a placing to raise new funds from both existing and new investors In order to continue its strategy of investing in the technology sector. Once the placing completes fully at the end of June 2020, the Company will own 26,149,993 shares and 10,000,000 warrants in Pires.

26 ULTIMATE CONTROLLING PARTY

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

NOTE TO THE ANNOUNCEMENT

In accordance with section 435 of the Companies Act 2006, the directors advise that the financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2019 or 2018, but is derived from these financial statements. The financial statements for the year ended 31 December 2018 have been delivered to the Registrar of Companies. The financial statements for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and will be forwarded to the Registrar of Companies following the Company's Annual General Meeting. The Auditors have reported on these financial statements; their reports were unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.