

# **RiverFort Global Opportunities plc**

## **Financial Statements**

for the year ended 31 December 2019

## 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 Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD
NOMINATED ADVISOR:	Beaumont Cornish Limited 10 <sup>th</sup> Floor 30 Crown Place London EC2A 4EB
JOINT BROKER:	Peterhouse Corporate Finance Limited 80 Cheapside London EC2V 6DZ
JOINT BROKER:	Shard Capital Partners LLP 23 <sup>rd</sup> Floor 20 Fenchurch Street London EC3M 3BY

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## CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

## INTRODUCTION

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
<b>Total</b>	<b>7,822,326</b>

## 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)
<b>Total income</b>	<b>948</b>	<b>(446)</b>
Administration costs	(303)	(288)
Other gains and losses	(21)	3
<b>Operating profit/(loss)</b>	<b>624</b>	<b>(731)</b>

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.

## CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

### 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

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their Strategic Report on the Company for the year ended 31 December 2019.

## 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
<b>Total</b>		<b>848</b>

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.

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

## 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.

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

### 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 4 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.

### ON BEHALF OF THE BOARD

Nicholas Lee  
Investment Director  
4 June 2020



## DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their annual report on the affairs of the Company, together with the audited financial statements for the year ended 31 December 2019.

### 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 profit after taxation of £623,690 (2018: loss of £731,192). At this stage, the Directors do not propose a dividend (2018: £nil).

The key performance indicators are shown in the Strategic Report.

### DIRECTORS AND DIRECTORS' INTERESTS

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 2019	31 December 2018
P Haydn-Slater (appointed 1 January 2019)	2.95%	20,000,000	–
N Lee	0.68%	4,601,470	4,601,470
Ms A van Dyke	–	–	–
A Nesbitt	0.15%	1,000,000	1,000,000

Shareholdings have been adjusted for the 10 for 1 share consolidation approved by shareholders on 3 March 2020.

### SUBSTANTIAL INTERESTS

The Company is aware that at 4 June 2020, 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
Cannacord Genuity Group Inc (discretionary clients)	115,500,000	17.01%
Premier Miton Group plc	106,850,999	15.74%
RiverFort Global Capital Ltd	31,895,909	4.70%
Shakoor Capital Limited	31,500,000	4.64%
Spreadex Limited	27,252,853	4.01%
Global Investment Strategy UK Limited	25,000,000	3.68%
James Lewis	24,295,454	3.58%
Ashworth Global Investments	23,000,000	3.39%
Sigma Broking Limited	21,000,000	3.09%

Shareholdings have been adjusted for the 10 for 1 share consolidation approved by shareholders on 3 March 2020 as part of the capital reduction carried out by the Company post the year end.

## DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

### 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 Corporate Governance Report.

### 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. 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.

### 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, with continuing interest from junior companies 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 the 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.

## DIRECTORS REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

### 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.

### PROVISION OF INFORMATION TO AUDITOR

So far as each of the directors are 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.

### AUDITORS

The auditors, PKF Littlejohn LLP have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

This report was approved by the Board on 4 June 2020 and signed on its behalf.

Nicholas Lee  
Investment Director

4 June 2020

## DIRECTORS' REMUNERATION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The remuneration of the directors is 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. Further details of directors' fees and of payments made for professional services rendered are set out in Note 9 to the financial statements.

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

Name of director	Fees and salaries £	Benefits £	Total 2019 £	Total 2018 £
P Haydn-Slater	35,000	–	35,000	–
N Lee	52,000	–	52,000	57,334
A van Dyke	22,000	–	22,000	24,333
A Nesbitt	–	–	–	–
	109,000	–	109,000	81,667

## PENSION CONTRIBUTIONS

No director has any pension entitlements.

## SHARE OPTIONS

No director held any share options during the year.

## DIRECTORS' SHAREHOLDINGS

As at 31 December 2019, the Directors had the following interests in the share capital of the Company:

	Percentage of issued share capital	31 December 2019	31 December 2018
P Haydn-Slater (appointed 1 January 2019)	2.95%	20,000,000	–
N Lee	0.68%	4,601,470	4,601,470
Ms A van Dyke	–	–	–
A Nesbitt	0.15%	1,000,000	1,000,000

Shareholdings have been adjusted for the 10 for 1 share consolidation approved by shareholders on 3 March 2020.

Nicholas Lee

Director

4 June 2020

## CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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. This committee met once during the year in connection with the approval of the accounts for the year ended 31 December 2019.

### REMUNERATION 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. This committee met once during the year.

### 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 2019

## 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.

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 Company's values. Of the two widely recognised formal codes, it has been decided to adopt the Quoted Companies Alliance's ("QCA") Corporate Governance Code for small and mid-size quoted companies.

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. The Board has considered how it applies each principle to the extent that the Board judges these to be appropriate in the circumstances, and below is 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 been further developed since 2018 by entering into a partnership with RiverFort Global Capital Limited, the specialist arranger of funding solutions for 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. During the year, the Company has continued to implement successfully this business model and has continued to experience demand for its investment capital notwithstanding the current Covid-19 pandemic.

**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](http://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](mailto:info@rgo-plc.com)

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

The Board recognises 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 2019

**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 at 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 2019

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. . Since the beginning of 2019, the Board has met nine times with all Directors attending.

**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 junior companies. 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 2019

**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 Company. 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 Company 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 Company 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](http://www.riverfortglobalopportunities.com)

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

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TO THE MEMBERS OF RIVERFORT GLOBAL OPPORTUNITIES PLC  
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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
<p><b>Verification, classification and ownership of Financial asset investments (Note 13)</b> 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.</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> <li>• Verifying ownership of the investments held at the year end;</li> <li>• Reviewing the valuation methodology for each type of investment and ensuring that the carrying values were appropriately supported;</li> <li>• Validating that gains and losses charged through to the Statement of Comprehensive Income have been classified and measured correctly;</li> <li>• Obtaining direct confirmations of a sample of investments held at the year end, and reconciling to the amounts due;</li> <li>• Reviewing the disclosures presented in the financial statements to ensure they are adequate and in line with IFRS 9 requirements; and</li> <li>• Reviewing the accounting treatment of the financial assets and ensuring they are in line with IFRS.</li> </ul>

#### 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

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

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.

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

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

Date 4 June 2020

15 Westferry Circus  
Canary Wharf  
London E14 4HD

## 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			
Basic and fully diluted earnings/(loss) per share	12	0.009p	(0.018p)

## STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
<b>NON-CURRENT ASSETS</b>			
Financial asset investments	13	1,758,801	1,540,456
		<b>1,758,801</b>	<b>1,540,456</b>
<b>CURRENT ASSETS</b>			
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
		<b>6,300,158</b>	<b>6,057,100</b>
<b>TOTAL ASSETS</b>		<b>8,058,959</b>	<b>7,597,556</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	180,542	307,013
Derivative financial liabilities	18	–	35,816
		<b>180,542</b>	<b>342,829</b>
<b>NET ASSETS</b>		<b>7,878,417</b>	<b>7,254,727</b>
<b>EQUITY</b>			
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)
<b>TOTAL EQUITY</b>		<b>7,878,417</b>	<b>7,254,727</b>

These Financial Statements were approved by the Board of Directors on 4 June 2020 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 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

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

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 2019

**1 GENERAL INFORMATION**

RiverFort Global Opportunities plc is a public limited company, limited by shares, 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 IFRIC 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) measured at fair value through profit or loss. 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 2018.

**GOING CONCERN**

The Company's assets comprise mainly cash, debt securities and quoted securities. Since the year end, the Company's cash resources have continued to increase and 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 impacts of Covid-19 and have concluded that there are no material factors which are likely to affect the ability of the Company to continue as a going concern, as a result of the cash reserves in place and given the Company's ongoing costs. 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 2019

## 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 (see Note 13). These techniques are significantly affected by certain key assumptions, such as market liquidity. Other valuation methodologies such as estimated net asset value may be used 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 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 2019:

- IFRS 16, 'Leases';
- Prepayment Features with Negative Compensation - Amendments to IFRS 9;
- Long-term Interests in Associates and Joint Ventures - Amendments to IAS 28;
- Annual Improvements to IFRS Standards 2015-2017 Cycle;
- Plan Amendments, Curtailment or Settlement - Amendments to IAS 19; and
- Interpretation 23 'Uncertainty over Income Tax Treatments'

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

## New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## REVENUE RECOGNITION

## INVESTMENT INCOME

Interest on fixed interest debt securities, designated at fair value through profit or loss, is recognised in the statement of comprehensive income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

Other structured finance fees are recognised on the date of the relevant agreement. Income may be recognised at a point in time or over the time. Over time revenue recognition is proportional to progress towards satisfying a performance obligation by transferring control of promised services to a customer. Income which does not qualify for recognition over time is recognised at a point in time when the service is rendered. The Company has no material receivables and contract liabilities from contracts with customers as non-refundable up-front fees are not charged to customers upon commencement of contracts with customers.

Bank deposit interest is recognised on an accruals basis.

## FOREIGN CURRENCY TRANSLATION

The functional and presentation currency of the Company is Sterling. Foreign currency transactions are translated into Sterling using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to debt securities and equity investments denominated in currencies other than Sterling and measured at FVTPL are also presented in the income statement within Operating income. All other foreign exchange gains and losses are presented on a net basis in the income statement within 'Other gains and losses'.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## 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 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 2019

## 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 2019 is in accordance with IFRS 9.

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: this includes structured finance products, equity investments, investments in unlisted private equities and derivatives. These financial assets are managed and their performance is evaluated, on a fair value basis with frequent sales taking place in respect to equity holdings.

## VALUATION OF FINANCIAL ASSET INVESTMENTS

Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which comprises the proceeds of sale less any transaction cost. The 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 2019

## DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments include forward currency contracts. Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are recognised immediately in the statement of comprehensive income. The company is engaged in hedging activities of its foreign exchange risk. The company does not apply hedge accounting. Given the low level of trading activity, the Company has estimated that any valuation adjustments are not material and has therefore not incorporated these into the fair value of derivatives.

## 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.
- "Retained losses" represents retained losses.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## 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 INVESTMENT INCOME

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

## 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	<b>127,960</b>	<b>(929,412)</b>

## 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
	<b>(69,111)</b>	<b>(29,645)</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## 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	<b>302,770</b>	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
	<b>29,040</b>	27,304

## 8 OTHER GAINS AND LOSSES

	2019 £	2018 £
Currency exchange differences	<b>(21,484)</b>	3,128
	<b>(21,484)</b>	3,128

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## 9 DIRECTORS' EMOLUMENTS

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

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	–	–	–	–
	<b>86,000</b>	<b>23,000</b>	<b>109,000</b>	<b>81,667</b>

\*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
	<b>118,130</b>	<b>87,612</b>

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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## 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	<b>623,690</b>	(731,192)
Profit/(loss) before tax multiplied by rate of corporation tax in the UK of 19% (2018: 19%)	<b>118,501</b>	(138,926)
Expenses not deductible for tax purposes	<b>356</b>	1,182
Offset against tax losses brought forward	<b>(118,857)</b>	–
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	<b>623,690</b>	(731,192)
Profit/(loss) for the year attributable to equity holders of the Company	<b>623,690</b>	(731,192)
Weighted average number of ordinary shares in issue for basic and fully diluted earnings	<b>6,789,335,226</b>	4,152,597,991

## EARNINGS PER SHARE

## BASIC AND FULLY DILUTED:

- Basic earnings/(loss) per share from continuing and total operations	<b>0.009p</b>	(0.018p)
- Fully diluted earnings/(loss) per share from continuing and total operations	<b>0.009p</b>	(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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## 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	<b>5,197,846</b>		<b>3,793,715</b>	
	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
	<b>3,439,045</b>	<b>2,253,259</b>	<b>1,758,801</b>	<b>1,540,456</b>

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 2019

## 13 FINANCIAL ASSETS (continued)

## LEVEL 3 FINANCIAL ASSETS

## Reconciliation of Level 3 fair value measurement of financial assets

	2019	2018
	£	£
Brought forward	<b>88,918</b>	177,235
Disposal proceeds	–	(200,000)
Loss on disposals	–	(100,000)
Fair value of share warrants	–	50,418
Movement in fair value	<b>(49,987)</b>	161,265
Carried forward	<b>38,931</b>	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	<b>24.3%</b>	24.6%

## 14 TRADE AND OTHER RECEIVABLES

	2019	2018
	£	£
Other receivables	<b>19,547</b>	17,528
Prepayments and accrued income	<b>176,161</b>	188,579
	<b>195,708</b>	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	<b>40,925</b>	–

## 16 CASH AND CASH EQUIVALENTS

	2019	2018
	£	£
Cash and cash equivalents	<b>2,624,480</b>	3,597,734

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 2019

## 17 TRADE AND OTHER PAYABLES

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

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.

## 18 DERIVATIVE FINANCIAL LIABILITIES

	2019	2018
	£	£
Foreign currency forward contract	–	35,816
	–	35,816

## 19 SHARE CAPITAL

	Number of shares		Share capital		Share premium £
	Deferred	Ordinary	Deferred £	Ordinary £	
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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

## 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 Total book value £	2018 Total book value £
Current	60,472	17,528
Overdue for less than one year	–	–
	<b>60,472</b>	<b>17,528</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## 21 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

## 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.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## 21 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

## 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## 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.