MXC Capital Limited

Annual Report and
Consolidated Financial Statements for
the year ended 31 August 2021

Registered in Guernsey
with company number 58895

Company information

Directors	Ian Smith (Chief Executive Officer) Paul Guilbert (Non-executive Director)
Secretary	Carey Commercial Limited
Country of incorporation and registration	Guernsey
Company number	58895
Registered office	1st & 2nd Floor Elizabeth House Les Ruettes Brayes St Peter Port Guernsey GY1 1EW
Bankers	HSBC Bank plc Arnold House St Julian's Avenue St Peter Port Guernsey GY1 3NF
Solicitors	Carey Olsen (Guernsey) LLP PO Box 98 Carey House Les Banques St Peter Port Guernsey GY1 4BZ
Auditor	Grant Thornton Limited PO Box 313 Lefebvre House Lefebvre Street St Peter Port Guernsey GY1 3TF

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Chief Executive Officer's Report

During the year we have made further progress with our stated aim of exiting our investments, at such time as the Board are happy with the returns achieved, and returning capital to shareholders. Proceeds of £7.3 million were received from the disposal of two of the Group's private investments, representing a combined 1.5x return. These proceeds, together with those received from the disposal of investments in the previous financial year, were returned to shareholders via tender offers totalling £12.3 million in September 2020 and July 2021.

The Group has continued to support its remaining investment portfolio, with a further £0.5 million invested during the year. We are encouraged with the underlying performance of our investee companies and continue to have confidence that satisfactory returns will be made from our investments.

The return of capital to investors upon exit from investments, announced at the time of the delist from AIM, will continue until we ultimately exit all of our investments, at which point the cash remaining will be returned to shareholders and the Company wound up. We currently anticipate this will occur within the timeframe outlined at the time of our delist in March 2020. In the meantime we continue to support our investee companies with both capital and resources.

Financial Review

Revenue

Total consolidated revenue for the year, reflecting both fee income and interest income, was £3.4 million (2020: £2.9 million). In addition to its fee income of £1.5 million (2020: £1.3 million), the Group generated £1.9 million (2020: £1.6 million) of interest income in respect of loan financing advanced.

The Board considers its interest income to be part of the trading activities of the Group and therefore it has been presented as a component of revenue. In accordance with IFRS 9, the interest income is recognised over the term of the loan, even if the interest is not physically received until the end of the term, as is the case with the loan notes held by the Group. The analysis of revenue and trading by segment is shown in note 3 to the consolidated financial statements.

Movement in fair value of investments

The Group prepares its accounts in accordance with IFRS as adopted by the EU, accounting for its investments under IAS 28. This accounting standard mandates that all changes to the fair value of investments are shown in profit or loss, irrespective of whether those changes are considered short-term or permanent. The Group's profit or loss for any given period is, therefore, directly affected by the period-end share price of its quoted investee companies, which, given the stage of development of those companies, can be quite volatile. In addition, any movement in the fair value of the Group's private investments, either on disposal or at year end, is also shown in profit or loss. The Group saw an increase in the fair value of its investment portfolio in the year of £0.9 million (2020: fall of £8.8 million), which is directly reflected in the consolidated statement of profit or loss. The movement in the value of investments is detailed in the investments table on page 2.

Operating expenses

Total operating expenses for the year were £2.2 million (2020: £2.9 million) and include £1.0 million in respect of commission payments relating to the exit from an investment in the year. This commission cost was substantially funded by an exit fee received which is included in fee income. The Group has delivered on its commitment to significantly reduce its ongoing cost base following the delist from AIM in March 2020.

Trading EBITDA

As any changes in the fair value of the Group's investment portfolio at any given point in time can affect profit or loss significantly, the Board measures the underlying trading performance of the Group excluding the gains or losses on its investments. This is based on a measure of EBITDA stated before share-based payments, exceptional items, movements in the fair value of investments and the IFRS 9 loans receivable expected credit loss provision, but after interest income under the effective interest method as this is considered to be part of the trading activities of the Group ("Trading EBITDA"). The Trading EBITDA for the year to 31 August 2021 was £1.3 million (2020: £3.5 million following dividend receipts of £3.2 million which did not re-occur in 2021).

Trading EBITDA, together with revenue, cash balances and the value of the Group's investments are the principal financial key performance indicators used by the Board in monitoring the performance of the business.

Chief Executive Officer's Report *(continued)*

Profit and total comprehensive income for the year
After all costs and income (including the changes in the fair value of investments), the reported Group profit for the year was £2.0 million (2020: loss of £17.1 million).

Investments and loans
During the year, the Group invested £0.2 million into its equity investment portfolio and advanced loans of £0.3 million. Proceeds of £7.3 million were received from the disposal of two of the Group's private investments.

At the year end, the Group had outstanding loan capital and accrued interest (including deferred consideration) of £17.9 million (2020: £17.9 million) and its equity investment portfolio was valued at £18.7 million (2020: £25.0 million) as shown in the following table:

	Fair value at 1 September 2020	Additions	Change in fair value	Disposal proceeds	**Fair value at 31 August 2021**
	£000	£000	£000	£000	**£000**
Cloudcoco Group plc	901	-	90	-	**991**
IDE Group Holdings plc	3,629	-	(2,281)	-	**1,348**
Private companies	20,439	200	3,048	(7,318)	**16,369**
Total investments	24,969	200	857	(7,318)	**18,708**

Cash flow
The Group incurred a cash outflow from operating activities in the period of £0.9 million (2020: inflow of £1.3 million). This outflow occurred despite the positive Trading EBITDA generated as interest receivable on the loan notes, whilst included in the trading results for the year, is not payable until the end of the loan note term. Cash proceeds from the sale of investments of £7.3 million were received and £0.2 million was invested into the Group's equity portfolio. Loans advanced in the year totalled £0.3 million whilst £2.1 million was received in relation to loans and other receivables. £12.4 million was used to purchase shares of the Company from shareholders by way of tender offers in September 2020 and July 2021 and £1.4 million was spent servicing the Group's borrowings and settling deferred consideration owed. The cash balance at the end of the period was £2.9 million (2020: £8.8 million).

Net assets
Net assets at the end of the year were £39.8 million (2020: £50.1 million), reflecting the £12.3 million returned to shareholders via tender offers. Of the net assets, £33.3 million (2020: £43.6 million) was attributable to equity holders of the Company and £6.5 million (2020: £6.5 million) was attributable to non-controlling interests.

We are pleased with the progress made by the Group during the year and we look forward to updating shareholders with further progress in due course.

Ian Smith
Chief Executive Officer

Strategic Report

The directors present their Strategic Report for the year ended 31 August 2021.

Review of the business and future developments
A detailed review of the business for the year is set out in the Chief Executive Officer's Report and the Financial Review incorporated therein. Included in these reviews are comments on the key performance indicators that are used by the Board on a monthly basis to monitor and assess the performance of the business. These indicators include the level of revenue, Trading EBITDA and cash balances together with the value of the Group's investments. Future developments and current trading and prospects are set out in the Chief Executive Officer's Report and the Financial Review. These reports are incorporated into this Strategic Report by reference and should be read as part of this report. The Group's strategy is focused on maximising its returns from all elements of its investment and advisory model.

Risks and risk management
Identifying, evaluating and managing the principal risks and uncertainties facing the Group is an integral part of the way we do business. We have policies and procedures in place throughout our operations that enable us to do so, embedded within our management structure and as part of our normal operating processes. Market and economic conditions are recognised as one of the principal risks in the current trading environment. This risk is mitigated by the close monitoring of trading conditions and the performance of our investment portfolio.

The Group is affected by a number of risks and uncertainties, not all of which are wholly within its control as they relate to the wider macroeconomic and legislative environment within which the Group operates. The key financial risks of the Group are detailed in note 18. The key non-financial risks that the Group faces are listed below.

Portfolio of investments and loans receivable
The Group's largest asset is the portfolio of investments and loans receivable it holds in both quoted and unquoted businesses. The Group is therefore subject to a number of risks in this area, both in terms of its own engagement with these companies and also with the performance of those companies themselves. The key risks the Group faces in this area are:

Ability to realise value of investee companies or loans
Once the Group has acquired an interest in a business it is likely that such asset may not be realisable immediately, particularly given the nature of the sectors of interest, the size of the targeted businesses and that targeted businesses may be private companies. In addition, smaller companies frequently lack the financial strength, diversity and resources to overcome or survive periods of economic slowdown. Furthermore, the share prices of such companies, if publicly traded, are often subject to significant fluctuations which could be caused by the trading underperformance of the investee companies themselves or other internal and external factors. Any volatility in the value of one or more of such businesses could have a substantial impact upon the value of the Group. Any such underperformance in an investee company may also affect its ability to repay any loan financing advanced to it by the Group.

The Group is also reliant upon the integrity of the financial and non-financial governance within the investee companies. The Group's operating model aims to ensure that sufficient oversight is applied to the investee companies to minimise exposure to such risks.

Competition in the market place of the Group's investee companies
Investee companies may be companies which operate in highly competitive markets characterised by evolving customer needs and rapid technological change. Such businesses may well compete with a number of other companies, some of which may well have significantly greater financial, technical and marketing resources. In addition, those competitors may have the ability to respond more quickly to new or emerging technologies, adapt more quickly to changes in customer requirements, have stronger customer relationships, have greater name recognition, and may devote greater resources to the development, promotion and sale of their products than the investee companies. In the markets in which such companies operate, competition may also be based on a variety of factors including product performance, functionality, value, and breadth of sales and service organisation. Competition could result in price reductions, reduced margins, and loss of market share by businesses. The Group's strategy is to invest in companies with the ability to build resilience by way of growth, and focus on quality of product to ensure market share.

Strategic Report *(continued)*

Risks and risk management *(continued)*

Early stage of development and limited operating history of investee companies
Businesses in which the Group invests may be companies at an early stage of commercial development. The commencement of such businesses' generation of material revenues is difficult to predict and there is no guarantee that such businesses will generate any material revenues after investment by the Group or any revenues at all. The resources available to such businesses may not be sufficient to fund the businesses until they are profitable. Some of the businesses may be companies which have a limited sales and operating history upon which their performance and prospects can be evaluated and they may well face the risks frequently encountered by developing companies. These risks include the potential inability to retain key personnel, as well as uncertainty as to which areas to target for growth and expansion. In addition, there can be no assurance that the businesses' proposed operations will be profitable or produce a reasonable return, or any return, on investment. The Group's strategy is, however, formulated by an experienced management team with a strong track record of generating significant gains from early stage companies within the Technology, Media and Telecommunications sector, approved by the Board of MXC and executed by a seasoned group of executives.

Reliance on key personnel and management
The success of the Group is dependent on the services of key management and personnel. Therefore, the directors believe that the ability to attract and retain highly skilled and qualified personnel is crucial. Most employees hold shares in the Company but there can be no guarantee that such individuals will be retained or new employees identified and employed.

COVID-19
At the date of signing this report, the COVID-19 pandemic continues to have a significant impact on the global economy. As a result, the final impact of COVID-19 on the investments of the Group, and the ability of the investee companies to repay any financing commitments owed to the Group, is hard to predict and the carrying values of the investments and loans in the financial statements may differ from their recoverable amounts. Aside from investments, there is no other significant impact of COVID-19 identified in the financial statements.

By order of the board

Paul Guilbert
Director
1 December 2021

Directors' Report

The directors present their report together with the audited consolidated financial statements for the year ended 31 August 2021 for MXC Capital Limited (the "Company") and its subsidiaries (together the "Group").

Corporate status
The Company is domiciled in Guernsey and was incorporated and registered in Guernsey on 19 August 2014 with company number 58895. Its registered office is 1st & 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW.

Principal activity
The principal activity of the Group during the year was that of advisor to and investor in technology companies. The Company is a permanent capital vehicle that is responsible for the execution and supervision of the Group's strategy.

Results and dividends
The trading results for the year and the Group's financial position at the end of the year are shown in the financial statements set out on the following pages. The review of the year and the directors' strategy and objectives for the future are set out in the Strategic Report.

The directors do not recommend the payment of a dividend for the year ended 31 August 2021 (2020: £nil).

Principal risks and uncertainties
The principal risks and uncertainties are detailed within the Strategic Report, on pages 3 to 4.

Details of the Group's financial risk management objectives and policies are set out in note 18 of the consolidated financial statements.

Directors
Ian Smith (Chief Executive Officer)
Paul Guilbert (Non-executive director)

The Company has agreed to indemnify its directors against any third-party claims which may be brought against them and has put in place a directors' and officers' insurance policy.

Directors' remuneration
Remuneration in respect of the directors was as follows:

	Basic salary and fees	**Bonus**	**Benefits**	**2021 total**	2020 total
	£000	**£000**	**£000**	**£000**	£000
Ian Smith	**165**	**-**	**-**	**165**	414
Paul Guilbert	**35**	**-**	**-**	**35**	60
Peter Rigg[1]	**-**	**-**	**-**	**-**	34
Simon Freer[1]	**-**	**-**	**-**	**-**	23

[1]figures relate to the period of directorship.

Directors' Report *(continued)*

Directors' interests
As at 31 August 2021 the directors and their beneficial interests and those of their families in the share capital of the Company were as follows:

Number of Ordinary shares of nil par value:

	2021	2020
Ian Smith	**7,285,959**	10,183,622
Paul Guilbert	**29,177**	40,917

Related party transactions
Details of the Group's transactions and year end balances with related parties are set out in note 22 of the consolidated financial statements.

Subsequent events
There are no events after the end of the reporting period which need to be reported.

Disclosure of information to the auditor
The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor. The annual report and consolidated financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Auditor
Grant Thornton Limited have been appointed as auditor and have indicated their willingness to continue in office.

By order of the board

Paul Guilbert
Director
On behalf of the Board
1 December 2021

Registered Office:
1st & 2nd Floor
Elizabeth House
Les Ruettes Brayes
St Peter Port
Guernsey
GY1 1EW

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for the Group for each financial year. The directors have prepared financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The consolidated financial statements are prepared in accordance with IFRS and The Companies (Guernsey) Law, 2008 (as amended) for each financial period and give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial period and of the profit or loss for that period.

In preparing each of the consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Group consolidated financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 (as amended). They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Shareholders of MXC Capital Limited

Opinion

We have audited the consolidated financial statements of MXC Capital Limited (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 August 2021 which comprise the consolidated statement of profit or loss, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes to the consolidated 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 consolidated financial statements:

- give a true and fair view of the state of the Parent Company's and Group's affairs as at 31st August 2021 and of its profit for the year then ended;
- are in accordance with IFRSs as adopted by the European Union; and
- comply with The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements' section of our report. We are independent of the Parent Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Guernsey, including the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants , 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the consolidated 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Group; or
- the consolidated financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Independent Auditor's Report to the Shareholders of MXC Capital Limited *(continued)*

Responsibilities of directors for the consolidated financial statements
As explained more fully in the statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the consolidated financial statements which give a true and fair view in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report to the Shareholders of MXC Capital Limited
(continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Use of our report

This report is made solely to the Parent Company's shareholders, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Parent Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton Limited
Chartered Accountants
St Peter Port, Guernsey
1 December 2021

Consolidated Statement of Profit or Loss

for the year ended 31 August 2021

	Notes	**2021 £000**	2020 £000
Fee income	3	**1,552**	1,283
Interest income	3,7	**1,869**	1,605
Revenue		**3,421**	2,888
Other income	4	**-**	3,214
Movement in fair value of investments	11	**857**	(8,824)
Operating expenses excluding impairment charges on goodwill		**(2,210)**	(2,899)
Impairment charges on goodwill		**-**	(11,416)
Trading EBITDA[1]		**1,287**	3,491
Movement in fair value of investments	11	**857**	(8,824)
Impairment provision on loans receivable	12	**-**	(195)
Depreciation	10	**(76)**	(93)
Impairment charges on goodwill		**-**	(11,416)
Operating profit/(loss)	5	**2,068**	(17,037)
Finance costs	7	**(29)**	(44)
Profit/(loss) on ordinary activities before taxation		**2,039**	(17,081)
Tax on profit/(loss) on ordinary activities	8	**(2)**	(53)
Profit/(loss) and total comprehensive income for the year		**2,037**	(17,134)
Profit/(loss) for the year attributable to:			
Owners of the parent		**2,037**	(20,220)
Non-controlling interests		**-**	3,086
		2,037	(17,134)
Earnings per share			
Basic earnings/(loss) per share	9	**3.95p**	(34.73)p
Diluted earnings/(loss) per share	9	**3.92p**	(34.73)p

[1] earnings from trading activities before interest payable, tax, depreciation, amortisation, exceptional items, share-based payments and movements in fair value of investments.

The notes on pages 16 to 42 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 31 August 2021

	Notes	**31 August 2021 £000**	31 August 2020 £000
Non-current assets			
Property, plant and equipment	10	**101**	177
Financial assets at fair value through profit or loss	11	**18,708**	24,969
Loans and other receivables	12	**17,931**	17,879
		36,740	43,025
Current assets			
Trade and other receivables	13	**1,042**	649
Cash and cash equivalents	14	**2,940**	8,786
		3,982	9,435
Total assets		**40,722**	52,460
Current liabilities			
Trade and other payables	15	**(616)**	(571)
Income tax payable		**(3)**	(54)
Lease liabilities	16	**(83)**	(87)
Other financial liabilities	17	**(213)**	(1,296)
		(915)	(2,008)
Non-current liabilities			
Lease liabilities	16	**(23)**	(106)
Other financial liabilities	17	**-**	(213)
		(23)	(319)
Total liabilities		**(938)**	(2,327)
Net assets		**39,784**	50,133
Equity			
Share premium	19	**45,356**	57,742
Share-based payments reserve		**429**	554
Merger reserve		**(23,712)**	(23,712)
Retained earnings		**11,186**	9,024
Equity attributable to the owners of the parent		**33,259**	43,608
Non-controlling interests	24	**6,525**	6,525
Total equity		**39,784**	50,133

Consolidated Statement of Financial Position *(continued)*

The notes on pages 16 to 42 form an integral part of these consolidated financial statements.

These consolidated financial statements on pages 11 to 42 were approved by the Board on 1 December 2021 and signed on its behalf by:

I Smith Director	P Guilbert Director

Consolidated Statement of Changes in Equity
for the year ended 31 August 2021

	Share premium £000	Shares held by Employee Benefit Trust £000	Share-based payments reserve £000	Merger reserve £000	Retained earnings £000	Total attributable to owners of the parent £000	Non-controlling interests £000	Total £000
Balance at 1 September 2019	**59,464**	**(5,559)**	**4,956**	**(23,712)**	**30,804**	**65,953**	**5,366**	**71,319**
Loss and total comprehensive loss for the year	-	-	-	-	(20,220)	(20,220)	3,086	(17,134)
Transactions with owners								
Tender offer costs	(1,722)	-	-	-	-	(1,722)	-	(1,722)
Transfer on exercise/ cancellation of share options	-	-	(4,402)	-	4,402	-	-	-
Purchase of shares in subsidiary from NCI	-	-	-	-	(381)	(381)	(1,799)	(2,180)
Purchase of shares by EBT	-	(244)	-	-	-	(244)	-	(244)
Disposal of shares by EBT	-	5,803	-	-	(5,581)	222	-	222
Dividends paid to NCI	-	-	-	-	-	-	(128)	(128)
	(1,722)	5,559	(4,402)	-	(1,560)	(2,125)	(1,927)	(4,052)
Balance at 31 August 2020	**57,742**	**-**	**554**	**(23,712)**	**9,024**	**43,608**	**6,525**	**50,133**
Profit and total comprehensive income for the year	-	-	-	-	2,037	2,037	-	2,037
Transactions with owners								
Tender offer costs	(12,386)	-	-	-	-	(12,386)	-	(12,386)
Transfer on exercise/cancellation of share options	-	-	(125)	-	125	-	-	-
	(12,386)	-	(125)	-	125	(12,386)	-	(12,386)
Balance at 31 August 2021	**45,356**	**-**	**429**	**(23,712)**	**11,186**	**33,259**	**6,525**	**39,784**

The notes on pages 16 to 42 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 August 2021

	Note	**2021 £000**	2020 £000
Cash flows from operating activities			
Cash (used in)/generated from operations	21	**(878)**	1,517
Corporation tax paid		**(53)**	(257)
Net cash flows (used in)/generated from operating activities		**(931)**	1,260
Cash flows from investing activities			
Payments to acquire property, plant and equipment		**-**	(1)
Purchase of investments		**(200)**	(6,730)
Proceeds from disposal of investments		**7,318**	1,182
Loans advanced		**(305)**	(5,217)
Loans repayments received		**-**	45
Deferred consideration received		**2,062**	-
Interest received		**23**	89
Net cash flows generated from/(used in) investing activities		**8,898**	(10,632)
Cash flows from financing activities			
Purchase of shares in subsidiary from NCI		**(1,090)**	(1,090)
Dividend paid to NCI		**-**	(128)
Purchase of shares by Employee Benefit Trust		**-**	(244)
Disposal of shares by Employee Benefit Trust		**-**	235
Tender offer proceeds and costs		**(12,386)**	(1,722)
Interest paid		**(30)**	(45)
Lease liabilities repaid		**(87)**	(82)
Other liabilities repaid		**(220)**	(220)
Net cash flows used in financing activities		**(13,813)**	(3,296)
Net decrease in cash and cash equivalents in year		**(5,846)**	(12,668)
Cash and cash equivalents at beginning of year		**8,786**	21,454
Cash and cash equivalents at end of year		**2,940**	8,786

The notes on pages 16 to 42 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 General information

MXC Capital Limited (the "Company") is a company incorporated and domiciled in Guernsey. The registered office is 1st & 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW and the principal place of business is Guernsey. The principal activity of the Group during the year was that of advisor to and investor in technology companies. The Company is a permanent capital vehicle that is responsible for the execution and supervision of the Group's strategy.

Basis of preparation
The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards as issued by the International Accounting Standards Board and adopted by the European Union (IFRS).

These financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability or expense. The detailed measurement bases and principal accounting policies of the Company and its subsidiaries (the "Group") are set out below. The accounting policies have been applied consistently throughout the Group for the purposes of the preparation of these consolidated financial statements. The presentational currency of the Group and functional currency of the Company is Sterling (£). The consolidated financial statements have been rounded to the nearest thousand.

Going concern
These consolidated financial statements have been prepared on a going concern basis. The Group meets its day-to-day working capital requirements through its existing cash reserves which are sufficient to meet currently maturing obligations as they fall due. The directors have reviewed the Group's financial projections and have considered reasonably possible changes in trading performance and the timing of key strategic events, including COVID-19. Given the cash balances and the investments in liquid securities that the Group holds, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Basis of consolidation
Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, until the effective date of disposal, as applicable.

The consolidated financial statements consolidate those of the Company and its subsidiary undertakings drawn up to 31 August each year. All subsidiaries have a reporting date of 31 August.

The Group applies the acquisition method in accounting for business combinations, with the exception of a business combination in 2015 which was regarded to be outside the scope of IFRS 3 and, as such, management used judgement in determining the appropriate accounting treatment. Under the circumstances, merger accounting was deemed suitable.

Under the acquisition method, the cost of acquisition is measured as the aggregate of the consideration transferred by the Group to obtain control of a subsidiary, which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests where it is considered material to do so.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Notes to the Consolidated Financial Statements

2 Accounting policies

2.1 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM has been identified as the Board of Directors of the Company, which reviews the Group's internal reporting in order to assess performance and allocate resources.

2.2 Revenue

Revenue comprises fee income and interest income. The Board considers the interest income to be part of the trading activities of the Group and therefore it has been presented as a component of revenue.

2.3 Fee income

Fee income comprises the fair value of the consideration received or receivable for services provided in the ordinary course of the Group's activities. Revenue is shown net of Value Added Tax where applicable and after eliminating sales within the Group.

Revenue arises mainly from the services rendered by the Group to its customers.

To determine whether to recognise revenue, the Group follows a 5-step process:
1 Identifying the contract with a customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations
5 Recognising revenue when/as performance obligation(s) are satisfied.

In each identified contract with a customer there are two distinct performance obligations: (a) the Group's stand-ready obligation to render advisory activities as and when required which is referred to as the "Retainer fees"; (b) the Group's obligation to render advice for specific corporate finance transactions which is referred to as the "Transaction revenue". These fees are the Group's primary source of fee income. These are considered to be distinct performance obligations as the customer can benefit from each service on its own and the Group's promise to transfer each service to the customer is separately identifiable from other promises in the contract.

The recognition of the revenue is described below for each distinct performance obligation:

(i) Retainer fees

The Group has a stand-ready obligation to provide advisory services to customers as and when required. This performance obligation is in place for the life of the contract with the customer and satisfaction of this obligation is considered to be met on an ongoing basis as the scope of this arrangement is generally not considered reconcilable to input or output criteria to measure progress towards complete satisfaction of this obligation. For this reason, revenue is recognised straight-line over the performance of the contract via a fixed monthly retainer fee agreed as part of the contract. This fixed fee is specifically set out in the contract as the transaction fee allocated to this performance obligation. As the amount of work required to perform under these contracts does not vary significantly from month-to-month, the monthly billing provides a faithful depiction of the transfer of services. This is considered to align revenue recognition with the satisfaction of the stand-ready performance obligation. Accrued revenue is recognised when the revenue recognition criteria were met but in accordance with the underlying contract, the sales invoice has not been issued yet.

Notes to the Consolidated Financial Statements

2 Accounting policies *(continued)*

2.3 Fee income *(continued)*

(ii) Transaction revenue

This income stream comprises fees in relation to the Group's transactional services, such as corporate finance deal fees. For each corporate transaction entered into by a customer, the Group has an obligation to provide advisory services including executing acquisitions and disposals. This obligation is satisfied at the point when the transaction has completed, being when the customer has received the full benefit of the advisory services rendered. The transaction price allocated is the variable fee specifically presented in the contract for advisory services. This price is variable as it is determined based on an agreed percentage of the enterprise value of any corporate transactions or capital raisings concluded. There is no accrual of the revenue and it is only recognised on the completion of the relevant transaction. As the transaction price is based on a fixed percentage of a known enterprise value, there are no significant judgements applied by management in recognising transaction revenue.

2.4 Interest income

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss ("ECL") allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any ECL allowance.

The interest income calculated under the effective interest method is shown separately in the consolidated statement of profit or loss. The Board considers this interest income to be part of the trading activities of the Group and therefore the interest income calculated under the effective interest method has been presented as a component of revenue.

2.5 Exceptional costs

Costs which are material either because of their size or their nature, are highlighted separately on the face of the consolidated statement of profit or loss. The separate reporting of exceptional costs helps provide a better picture of the Group's underlying performance. Items which may be included within the exceptional category include, inter alia, acquisition and restructuring costs and other particularly significant or unusual items.

Exceptional items are excluded from the headline profit measures used by the Group and are highlighted separately in the consolidated statement of profit or loss as management believe that they need to be considered separately to gain an understanding of the underlying profitability of the trading businesses.

Notes to the Consolidated Financial Statements

2 Accounting policies *(continued)*

2.6 Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. Any variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.7 Taxation

The Company is taxed at the standard rate in Guernsey of 0%. The Group's subsidiaries' current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date in the jurisdictions certain of the Group's subsidiaries operate in.

Deferred income taxes are calculated in certain of the Group's subsidiaries using the liability method on temporary differences. Deferred tax is generally provided for on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided for on the initial recognition of goodwill or of any other asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided for if reversal of these temporary differences can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Tax losses which are available to be carried forward and other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided for in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying temporary differences will be able to be offset against future taxable income. Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period of realisation based on tax rates and laws that have been enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of profit or loss except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Notes to the Consolidated Financial Statements

2 Accounting policies *(continued)*

2.8 Investments

Investments of the Group include equity securities, loans and loan notes. Equity securities classed as investments are designated as fair value through profit and loss ("FVTPL") on initial recognition, as is allowed by the relevant standard for a group of financial assets, financial liabilities or both that is managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

Certain subsidiaries of the Company hold investments in investees which are classed as associates and joint ventures as the subsidiary companies are deemed to hold significant influence over these investees. In the opinion of the directors, these subsidiary companies operate akin to venture capital companies and therefore the Group has taken advantage of the exemptions from applying the equity method to account for associates and joint ventures available under IAS 28 and has designated such investments as FVTPL on initial recognition.

Warrants, being derivatives, are by default FVTPL since they classify as held for trading. Loans and loan notes are classified as loans and receivables.

2.9 Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and any provision for impairment. Depreciation is provided to write down the cost to the residual value over the assets' estimated useful economic lives as follows:

Office equipment, furniture and fittings	3 - 5 years, straight line basis
Right-of-use asset	over the remaining term of the lease

The residual values and economic lives of assets are reviewed by the directors on at least an annual basis and are amended as appropriate.

2.10 Impairment testing of property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell, and value in use based on an internal discounted cash flow valuation. Any impairment loss is charged pro rata to the assets in the cash-generating unit.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits held on call at banks.

Notes to the Consolidated Financial Statements

2 Accounting policies *(continued)*

2.12 Financial assets

In accordance with IFRS 9, the Group classifies its financial assets as either those to be measured at fair value (either through profit or loss, or other comprehensive income), or at amortised cost. At the reporting date the Group's financial assets are classified as detailed below.

Impairment of the Group's loans and trade and other receivables is assessed using a forward-looking ECL, as detailed in notes 12 and 13.

(i) Loans and receivables

Trade and other receivables are recognised initially at fair value less any transaction costs and subsequently amortised cost less any expected credit loss provision. Any transaction costs are taken to profit or loss.

The Group's loans receivable comprise loans and loan notes which are initially recognised at fair value and stated at amortised cost at each reporting period end less any expected credit loss provision. Interest calculated using the effective interest method is recognised in consolidated statement of profit or loss within revenue.

(ii) Financial assets at fair value through profit or loss

The Group's equity investments are designated as at fair value through profit or loss on initial recognition. Any transaction costs are taken to profit or loss. Gains or losses arising from revaluation of the investments at each reporting period are recognised directly in the Group's consolidated statement of profit or loss.

The Group's warrants are classified as held for trading. Gains or losses arising from revaluation of the warrants at each reporting period are recognised directly in the Group's consolidated statement of profit or loss.

2.13 Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the financial instrument. The Group's financial liabilities include trade payables, borrowings and an obligation to purchase preferred ordinary shares issued in a subsidiary company. These are measured initially at fair value and subsequently at amortised cost using the effective interest rate method.

2.14 Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial assets and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Notes to the Consolidated Financial Statements

2 Accounting policies *(continued)*

2.15 Share-based payments

Share options and Long Term Incentive Plan ("LTIP")

The Group has issued equity-settled share options and awards under LTIPs to certain current and former employees. The fair value of these options and awards is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares or options that will eventually vest. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made where a change occurs to the expectation of a market based vesting condition. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

The fair value of the options and awards is measured by the Black-Scholes pricing method. All equity-settled share-based payments are ultimately recognised as an expense in the consolidated statement of profit or loss with a corresponding credit to equity.

Upon exercise of share options, the proceeds received, net of attributable transaction costs, are credited to share capital and, where appropriate, share premium. Where share options are modified the fair value of those options is reassessed and any revised value is expensed over the vesting period of the modified option. See note 20 for further details.

2.16 Equity

Equity comprises the following:

- Share premium, representing the fair value of consideration received for shares, net of expenses of the share issue;
- Shares held by Employee Benefit Trust, representing the cost price of investments in the Company's own shares;
- Share-based payments reserve, representing the cost of equity-settled share-based payments until such share options and awards are exercised or lapse;
- Merger reserve, representing the excess of the Company's cost of investment over the nominal value of MXC Capital (UK) Limited's shares acquired using the principles of predecessor value method accounting;
- Retained earnings, representing the aggregate of all current and prior period retained profits and losses.

2.17 Application of new IFRSs and interpretations

(i) New and amended standards and interpretations applied in these Financial Statements

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 September 2020 that had a significant effect on the consolidated Financial Statements. Furthermore, none of the amendments to standards that are effective from that date had a significant effect on these consolidated Financial Statements.

(ii) New and amended standards and interpretations not applied in these Financial Statements (issued but not yet effective)

Other accounting standards and interpretations have been published and will be mandatory for the Group's accounting periods beginning on or after 1 September 2021 or later periods. The impact of these standards is not expected to be material to the reported results and consolidated financial position.

2.18 Critical accounting estimates and judgements

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.

Critical accounting estimates and judgements and their underlying assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenue and expenses during the periods presented. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known. The following paragraphs detail the critical accounting estimates and judgements the Group believes to have the most significant impact on the annual results under IFRS.

Notes to the Consolidated Financial Statements

2 Accounting policies *(continued)*

2.18 Critical accounting estimates and judgements (continued)

(i) Definition of business activities

The Board has exercised judgement in relation to the definition of the Company's business activities. The Board has assessed the Company's business model in detail against the criteria set out in IFRS 10 and is of the opinion that, although certain of its subsidiaries are investment holding companies, the Company itself does not meet the definition of an 'Investment Company' under IFRS 10, due, in part, to its broader advisory and corporate finance proposition. All subsidiaries of the Company, including those which are investment holding companies, are therefore consolidated into the Group financial statements as described elsewhere in these accounting policies.

(ii) Accounting for investments

Certain subsidiaries of the Company hold investments in investees which are classed as associates and joint ventures as the subsidiary companies are deemed to hold significant influence over these investees. In the opinion of the directors, these subsidiary companies operate akin to venture capital companies and therefore the Group has taken advantage of the exemptions from applying the equity method to account for associates and joint ventures available under IAS 28 and has designated such investments as fair value through profit or loss on initial recognition. In the opinion of the Board this gives a true and fair view of the Group's operations and financial position to shareholders.

(iii) Fair value measurement of investments

The Group holds investments in the form of quoted and unquoted securities measured at fair value. The fair value of these investments is estimated at the reporting period end, under methods detailed in note 11. Estimated fair values may vary from actual prices that would be achieved in an arm's length transaction at the reporting date.

(iv) Recoverability of loans and other receivables

As detailed in note 12, the Group has outstanding loans, loan notes and other receivables. Other than in respect of the expected credit loss provision, the directors do not believe there are any signs of impairment in respect of these assets at the reporting period end. Given the quantum of the assets and the timescales until redemption, the recoverability of these loans, loan notes and other receivables is a significant estimate.

(v) Recognition of retainer fees

The revenue from the provision of advisory services is recognised over time by the billing of the annual fee on a monthly basis. The timing of the satisfaction of performance obligations and in assessing that this method faithfully depicts the transfer of services requires the application of judgement by management.

Notes to the Consolidated Financial Statements

3 Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting to the Chief Operating Decision Makers ("CODM"). The CODM has been identified as the Board of Directors.

The Board is responsible for strategic decision making and for assessing the performance of the operating segments. The operating segments are defined by distinctly separate product offerings or markets. The CODM assesses the performance of the operating segments based on the Trading EBITDA generated by each segment. Assets and liabilities per segment are not monitored by the CODM and therefore that analysis is not provided below.

All revenue originates from the United Kingdom or Guernsey. Third party revenue is detailed in the segmental analysis as are charges for professional services rendered between the Group's operating segments. Recharges of costs between segments are excluded from the revenue analysis, in line with the internal reporting to the CODM.

Transactional segment – this segment comprises the Group's corporate finance and related services, together with the Group's advisory and consultancy activities, including originating and advising on investment opportunities for the Group, and providing operational and strategic guidance to clients.

Central – all other activities of the Group in performing its principal activity of advisor to and investor in technology companies, including the management of its investments, are considered together by the CODM.

Results for the year ended 31 August 2021

	Transactional £000	Central £000	Inter-segment transactions £000	Total £000
Revenues:				
Third party fee income	1,550	2	-	1,552
Third party interest income	-	1,869	-	1,869
Total revenue	**1,550**	**1,871**	**-**	**3,421**
Trading EBITDA[(1)]	**73**	**1,214**	**-**	**1,287**
Depreciation	(76)	-	-	(76)
Movement in fair value of investments	-	857	-	857
Operating (loss)/profit	**(3)**	**2,071**	**-**	**2,068**
Finance costs	(10)	(19)	-	(29)
(Loss)/profit before taxation	**(13)**	**2,052**	**-**	**2,039**

(1) earnings from trading activities before interest paid, tax, depreciation, amortisation, exceptional items, share-based payments and movements in fair value of investments.

During the year, revenue from four of the Group's customers each represented more than 10% of total revenue. Revenue related to those customers was £1,601,000, £812,000, £534,000 and £367,000 respectively.

Notes to the Consolidated Financial Statements

3 Segmental analysis *(continued)*

Results for the year ended 31 August 2020

	Transactional £000	Central £000	Inter-segment transactions £000	Total £000
Revenues:				
Third party fee income	1,252	31	-	1,283
Third party interest income	-	1,605	-	1,605
Inter-segment	503	-	(503)	-
Total revenue	**1,755**	**1,636**	**(503)**	**2,888**
Trading EBITDA[1]	**305**	**3,186**	**-**	**3,491**
Impairment charges on goodwill	-	(11,416)	-	(11,416)
Depreciation	(93)	-	-	(93)
Impairment provision on loans receivable	-	(195)	-	(195)
Movement in fair value of investments	-	(8,824)	-	(8,824)
Operating profit	**212**	**(17,249)**	**-**	**(17,037)**
Finance costs	(14)	(30)	-	(44)
Profit before taxation	**198**	**(17,279)**	**-**	**(17,081)**

[1] earnings from trading activities before interest paid, tax, depreciation, amortisation, exceptional items, share-based payments and movements in fair value of investments.

During the year ended 31 August 2020, revenue from four of the Group's customers each represented more than 10% of total revenue. Revenue related to those customers was £1,413,000, £465,000, £384,000 and £352,000 respectively.

4 Other income

	2021 £000	2020 £000
Dividends received	**-**	3,214

Notes to the Consolidated Financial Statements

5 Operating profit/(loss)

Operating profit/(loss) is stated after charging to administrative expenses:

	2021 £000	2020 £000
Impairment charges on goodwill	-	11,416
Impairment provision on loans receivable	-	195
Depreciation of owned assets	11	12
Depreciation of assets held under finance leases	65	81
Employee costs (see note 6)	1,604	1,745
Auditor's remuneration		
Audit of consolidated accounts	26	27
Audit of the Company's subsidiaries	14	14
Non-audit services		
Taxation services	14	8

6 Particulars of staff

The average number of persons employed by the Group, including executive directors, during the year was:

	2021 No	2020 No
Fee earners and administration	6	9

The aggregate payroll costs of these persons were:

	2021 £000	2020 £000
Wages and salaries	649	1,572
Commission paid on exit of investment (see below)	770	-
Social security costs	178	162
Pension costs-defined contribution plan	7	11
Total payroll costs	1,604	1,745

During the year the Group received a fee in relation to the disposal of one of its investments and made an equivalent commission payment.

Notes to the Consolidated Financial Statements

6 Particulars of staff *(continued)*

Directors' remuneration
Remuneration of directors, who were the key management personnel during the year, was as follows:

	2021	2020
	£000	£000
Aggregate emoluments including short-term benefits and fees	**200**	531

The remuneration of the highest paid director during the year was:

	2021	2020
	£000	£000
Aggregate emoluments including short-term employee benefits	**165**	414

The remuneration of individual directors, who are the key management personnel of the Group, is disclosed in the Directors' Report on page 5. No retirement benefits in respect of defined contribution schemes are accruing to any directors.

7 Finance income and costs

	2021	2020
	£000	£000
Finance income		
Interest on loans receivable	**1,861**	1,541
Interest in cash and cash equivalents	**8**	64
	1,869	1,605

	2021	2020
	£000	£000
Finance cost		
Interest expense on lease liabilities	**10**	14
Interest expense on other financial liabilities	**19**	30
	29	44

Notes to the Consolidated Financial Statements

8 Taxation

(a) Tax on profit/(loss) on ordinary activities

	2021	2020
	£000	£000
Current tax		
Current year charge	**3**	54
Adjustment in respect of prior periods	**(1)**	(1)
Total tax charge	**2**	53

The Company is liable for taxation in Guernsey at the standard rate of 0%.

(b) Reconciliation of the total income tax charge

	2021	2020
	£000	£000
Profit/(loss) on ordinary activities before taxation	**2,039**	(17,081)
UK corporation tax rate of 19.0% payable on UK profit	**3**	54
Prior year adjustment to UK current income tax	**(1)**	(1)
Total tax charge	**2**	53

9 Earnings per share

Earnings per share ("EPS") is based on the profit or loss attributable to shareholders of the parent company divided by the weighted average number of ordinary shares in issue during the year.

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is set out below. In the year ended 31 August 2020, the weighted average number of ordinary shares for the purpose of calculating the basic and diluted measures was the same. This is because the outstanding share incentives, details of which are given in note 20, would have the effect of reducing the loss per ordinary share and therefore would be anti-dilutive under the terms of IAS 33.

	2021	2020
	Number	Number
Weighted average shares used to calculate basic EPS	**51,585,778**	58,221,431
Dilutive effect of share incentive awards	**329,906**	-
Weighted average shares used to calculate diluted EPS	**51,915,684**	58,221,431

Notes to the Consolidated Financial Statements

10 Property, plant and equipment

	Office equipment, furniture and fittings £000	Motor vehicles £000	Right-of-use asset £000	Total £000
Cost				
At 1 September 2019	148	116	-	264
Additions	1	-	-	1
Right-of-use asset recognised on transition to IFRS 16	-	-	216	216
Disposals	(1)	(116)	-	(117)
At 31 August 2020	148	-	216	364
Additions	-	-	-	-
Disposals	(20)	-	-	(20)
At 31 August 2021	**128**	**-**	**216**	**344**
Depreciation				
At 1 September 2019	111	40	-	151
Charge for the year	12	16	65	93
On disposal	(1)	(56)	-	(57)
At 31 August 2020	122	-	65	187
Charge for the year	11	-	65	76
On disposal	(20)	-	-	(20)
At 31 August 2021	**113**	**-**	**130**	**243**
Net carrying amount				
At 31 August 2021	**15**	**-**	**86**	**101**
At 31 August 2020	26	-	151	177

The assets classified within right-of-use asset are held under lease liabilities.

Notes to the Consolidated Financial Statements

11 Financial assets at fair value through profit or loss

	Quoted company investments £000	Private company investments £000	Total £000
Cost			
At 1 September 2019	15,118	15,727	30,845
Additions	98	6,632	6,730
Disposals of investments	-	(3,782)	(3,782)
Movement in fair value of investments	(10,686)	1,862	(8,824)
At 31 August 2020	4,530	20,439	24,969
Additions	-	200	200
Disposals of investments	-	(7,318)	(7,318)
Movement in fair value of investments	(2,191)	3,048	857
At 31 August 2021	**2,339**	**16,369**	**18,708**

The Group's investments relate to equity securities held in both AIM quoted and unquoted, private companies. These investments are accounted for at fair value through profit or loss and presented as financial assets at fair value through profit or loss in the consolidated statement of financial position.

Fair value measurement
Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: not traded in an active market but the fair values are based on quoted market prices or alternative pricing sources with reasonable levels of price transparency; or
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The equity securities are measured at fair value. The quoted equity securities are categorised as level 1 fair values, the unquoted equity securities as level 3.

The fair value of the unquoted equity securities is based on a market approach, using either the latest fund raising valuation if applicable, or the application of market-average multiples (EV/EBITDA or EV/Revenue) to the companies' own data. The financial data of the valued companies themselves is not observable on the market, and whilst the market-average multiples are based on observable market data, the selection of comparable companies used is a significant judgement. The unquoted investees all operate within the technology sector and the key observable inputs were:

Valuation technique	Observable input	Multiple
Market comparable companies	EBITDA multiple	8 – 11
Market comparable companies	Revenue multiple	4.5 – 5.55

Notes to the Consolidated Financial Statements

11 Financial assets at fair value through profit or loss *(continued)*

Fair value measurement *(continued)*
During the year there were no transfers between categories. Categorisation of the fair values at 31 August 2021 was:

	Level 1 £000	Level 2 £000	Level 3 £000
Quoted equity securities	2,339	-	-
Unquoted equity securities	-	-	16,369
	2,339	**-**	**16,369**

Categorisation of the fair values at 31 August 2020 was:

	Level 1 £000	Level 2 £000	Level 3 £000
Quoted equity securities	4,530	-	-
Unquoted equity securities	-	-	20,439
	4,530	**-**	**20,439**

12 Loans and other receivables

	2021 £000	2020 £000
Loan notes	**16,791**	15,017
Loans to associates	**774**	485
Other loans	**173**	142
Deferred consideration	**458**	2,500
	18,196	18,144
Less: provision for impairment	**(265)**	(265)
	17,931	17,879

In 2019, the Group subscribed for £8.0 million of secured loan notes with a six-year term and an effective interest rate of 12% in IDE Group plc ("Secured LNs"). In 2020, the Group subscribed for a further £1.2 million of Secured LNs.

In 2020, the Group subscribed for £3.5 million of loan notes with a five-year term and an effective interest rate of 12% in Cloudcoco Group plc ("LNs").

The interest on the Secured LNs and the LNs compounds annually and is payable at the end of the term.

Notes to the Consolidated Financial Statements

12 Loans and other receivables *(continued)*

Loans to associates comprises a loan of £660,000 plus interest repayable in 2025, together with a working capital facility of up to £500,000 made available to Cloudcoco Group plc, of which £100,000 had been drawn down as at 31 August 2021. The facility is repayable in October 2021.

The subscribed amount plus the fees directly attributable to the Secured LNs, the LNs, the loans to associates and the other loans (together the "Facilities") is the basis of their carrying value. The determined carrying value of the Facilities is not materially different from their fair values. The counterparties to the Facilities are substantially companies in which the Group holds an investment as an associate and generally has board representation. Given its influence within, and therefore its knowledge of, the counterparty, together with the terms of the Facilities, the Group considers the ECL in respect of the Facilities to be low. The Group also considers there has been no change in its assessment of its risk since the inception of the Facilities and therefore considers it appropriate to reflect a 12 month ECL provision.

The deferred consideration arose in respect of a sale of certain assets to a company of which Ian Smith is a director and majority shareholder. The deferred consideration carries an interest rate of 1% and is repayable on or before 31 January 2023. Post period-end, The determined carrying value of the deferred consideration is not considered materially different from its fair value. Given the relationship with Ian Smith and the terms of the agreement and related security held, the risk of default, and therefore the ECL in respect of the deferred consideration is considered low.

After applying a sensitised valuation to the underlying assets of the counterparties to the Facilities and the deferred consideration, together with an estimate of the likelihood of a default event in the next 12 months, the Group considers an ECL provision in respect of its Loans and other receivables of £265,000 is appropriate (2020: £265,000). The movement on the provision is therefore £nil.

13 Trade and other receivables

	2021 £000	2020 £000
Trade receivables	**976**	571
Less: provision for impairment of trade receivables	**(33)**	(33)
Trade receivables - net	**943**	538
Prepayments and accrued income	**99**	111
	1,042	649

The ageing of trade receivables at 31 August was:

	2021 £000	2020 £000
Not past due	**976**	571

Notes to the Consolidated Financial Statements

13 Trade and other receivables *(continued)*

In accordance with IFRS 9, the Group reviews the amount of credit loss associated with its trade receivables based on forward looking estimates that take into account current and forecast credit conditions as opposed to relying on past historical default rates. The Group has applied the Simplified Approach permitted under IFRS 9 to measure lifetime expected credit losses and has assessed individual customer balances and their current and forecast trading conditions in deriving the ECL provision. The movement in the ECL provision of £nil (2020: £33,000) is included within operating expenses in the consolidated statement of profit or loss.

The other classes of assets within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable disclosed above.

The carrying amounts of the Group's trade and other receivables are all denominated in Sterling.

14 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances:

	2021	2020
	£000	£000
Cash at bank	**360**	4,160
Short-term deposits	**2,580**	4,626
	2,940	8,786

15 Trade and other payables

	2021	2020
	£000	£000
Current		
Trade payables	**68**	70
Other payables	**-**	1
Tax and social security	**49**	52
Accruals and deferred income	**499**	448
	616	571

Notes to the Consolidated Financial Statements

16 Lease liabilities

	2021 £000	2020 £000
Current	**83**	87
Non-current	**23**	106

The present value of lease liabilities as at 31 August is as follows:

	Minimum lease payments 2021 £000	**Interest 2021 £000**	**Principal 2021 £000**
Less than one year	88	5	83
Between one and five years	24	1	23
Total	112	6	106

	Minimum lease payments 2020 £000	Interest 2020 £000	Principal 2020 £000
Less than one year	96	9	87
Between one and five years	113	7	106
Total	209	16	193

17 Other financial liabilities

	2021 £000	2020 £000
Current		
Preferred ordinary shares	**213**	206
Deferred consideration	**-**	1,090
	213	1,296
Non-current		
Preferred ordinary shares	**-**	213

The Group has a future obligation to purchase preferred ordinary shares issued in MXC Holdings Limited for a total of £220,000 (2020: £440,000). The amortised cost of this obligation is £213,000 (2020: £419,000) which is analysed in the table above and is based on a discount rate of 3.25%, being the Group's borrowing rate at inception.

In the previous financial year, the Group purchased a 25% shareholding in MXC Capital (UK) Limited from an NCI, meaning MXC Capital (UK) Limited became a wholly-owned subsidiary of the Group. The consideration was £2.18 million of which £1.09 million remained outstanding on completion and was paid in July 2021.

Notes to the Consolidated Financial Statements

18 Financial instruments and financial risk management

Risk management objectives and policies
The investment objective of the Group is to maximise its total return primarily through the capital appreciation of its investments. The Group holds investments in the form of equities and loan instruments. In addition, the Group holds cash and liquid resources as well as having receivables and payables that arise directly from its operations. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The main risks that the Group is exposed to are market risk (which includes currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The most significant financial risks to which the Group is exposed are described below and relate to the following financial instruments:

Principal financial instruments
The principal financial instruments used by the Group from which financial instrument risk arises are as follows:

- Financial assets at fair value through profit or loss
- Loans, trade and other receivables ("loans and receivables")
- Cash and cash equivalents
- Trade and other payables
- Other financial liabilities

	2021	2020
	£000	£000
Financial assets		
Financial assets at fair value through profit or loss	**18,708**	24,969
Loans and receivables	**18,874**	18,417
Cash and cash equivalents	**2,940**	8,786
	40,522	52,172

	2021	2020
	£000	£000
Financial liabilities		
Trade and other payables – excluding statutory liabilities	**567**	519
Other financial liabilities (see note 17)	**213**	419
Deferred consideration	**-**	1,090
Lease liabilities	**106**	193
	886	2,221

Notes to the Consolidated Financial Statements

18 Financial instruments and financial risk management *(continued)*

The maturity analysis of the Group's financial assets is as follows:

2021:	On demand £000	<3 months £000	1-5 years £000	More than 5 years £000	**Total £000**
Financial assets at fair value through profit or loss	18,708	-	-	-	**18,708**
Loans and receivables	-	1,043	17,831	-	**18,874**
Cash and cash equivalents	2,940	-	-	-	**2,940**
	21,648	**1,043**	**17,831**	**-**	**40,522**

2020:	On demand £000	<3 months £000	1-5 years £000	More than 5 years £000	Total £000
Financial assets at fair value through profit or loss	24,969	-	-	-	24,969
Loans and receivables	-	538	16,514	1,365	18,417
Cash and cash equivalents	8,786	-	-	-	8,786
	33,755	538	16,514	1,365	52,172

Financial risk management

Currency risk

The Group has no direct exposure to currency risk. However, the Group is indirectly exposed to currency risk through the companies it invests in. The Group does not hedge against the currency risk, which the Board of Directors believe is a low risk to the Group.

Interest rate risk

The Group finances its operations through a mixture of Shareholders' capital and reserves, together with leases. During the year the Group received interest of £8,000 on its cash and cash equivalents (2020: £64,000). The Group has issued loans and loan notes, which are interest bearing. During the year the Group charged interest of £1,861,000 (2020: £1,541,000), at a fixed interest rate, on its loans and loan notes. All other assets and liabilities of the Group are non-interest bearing.

At 31 August 2021, cash and cash equivalents of £2,940,000 (2020: £8,786,000) are potentially exposed to movements in interest rates. Due to the generally low rates available, a movement in interest rates would not have a material financial impact on the Group. Therefore, the Group does not hedge against the interest rate risk to which it is exposed.

Other price risk

The Group's exposure to other price risk consists mainly of movements in the value of the Group's investments. The Board manages the price risks inherent in the investment portfolio by ensuring full and timely access to relevant information on current and potential investments. The Board meets regularly and at each meeting reviews investment performance. For the Group's quoted equity securities, an average overall change in fair value of 48% has been observed during 2021 (2020: 71%). This is considered to be a suitable basis to apply to the Group's quoted investments for estimating how profit or loss and equity could have been affected by changes in other price risk that were reasonably possible at the reporting date. However, this figure is considered too high to apply to the Group's unquoted investments given their values are less affected by external factors. A rate of 10% is deemed appropriate to apply to these investments. If the valuation of the Group's investments increased or decreased by these rates, profit or loss and equity would have changed by £2,760,000 in either direction (2020: £2,470,000).

Notes to the Consolidated Financial Statements

18 Financial instruments and financial risk management *(continued)*

Financial risk management *(continued)*
Credit risk
Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk principally in respect of cash deposits with financial institutions and its loans receivable. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 August, as summarised in the 'Principal financial instruments' table above.

The Group's management considers that all of the above financial assets that are not impaired or past due for each of the 31 August reporting dates under review are of good credit quality. The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings of A and above.

Liquidity risk
Liquidity risk is that the Group might be unable to meet its financial obligations as they fall due. The Group manages its cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due. The Board of Directors manages liquidity risk by regularly reviewing the Group's cash requirements by reference to cash flow projections prepared by management.

Concentration risk
Concentration risk is the risk that the Group may be adversely affected by its investments being focused on a relatively small numbers of companies, all of whom operate within the technology sector. See 'Other price risk' for details of how the Group mitigates this risk and the impact it may have on reported results.

Capital management
The Group's capital structure is comprised entirely of shareholders' equity. The objective of the Board when managing capital is:

- to ensure the Group can meet its liabilities as they fall due; and
- to maximise the Group's total return primarily through the capital appreciation of its investments.

The capital structure is managed and adjusted to reflect changes in economic conditions. The Group funds its expenditure on commitments from existing cash and cash equivalent balances, primarily received from operating cash flows, the realisation of investments and the issuances of shareholders' equity. There are no externally imposed capital requirements. Financing decisions are made by the Board based on forecasts of the expected timing and level of capital, the operating expenditure required to meet the Group's commitments and development plans and the performance of the Group's current and potential investment portfolio.

19 Share premium

Ordinary shares of no par value	**Number of shares**	**Share Premium £000**
At 1 September 2019	67,203,349	59,464
Shares cancelled	(9,309,984)	(1,722)
At 31 August 2020	57,893,365	57,742
Shares cancelled	(15,546,645)	(12,386)
At 31 August 2021	**42,346,720**	**45,356**

Notes to the Consolidated Financial Statements

19 Share premium *(continued)*

The Company is authorised to issue an unlimited number of Ordinary shares of no par value.

2021 Ordinary shares cancelled
Following tender offers to all shareholders, in September 2020 5,789,336 Ordinary shares were purchased by the Company at a price of 75p per share and in July 2021 9,757,309 Ordinary shares were purchased by the Company at a price of 82p per share. All Ordinary shares purchased in the tender offers were subsequently cancelled.

2020 Ordinary shares cancelled
Following a tender offer to all shareholders in October 2019, 1,460,942 Ordinary shares were purchased by the Company at a price of 116p per share and were subsequently cancelled.

In July 2020, the Group's Employee Benefit Trust was wound up and the Company subsequently cancelled the 7,849,042 Ordinary shares held in the trust.

20 Share based payments

Share option scheme
The Company has a share option scheme for certain current and former employees of the Group. Share options outstanding at the end of the year were:

	2021 Number of share options	**2021 Weighted average exercise price £**	2020 Number of share options	2020 Weighted average exercise price £
Outstanding at the beginning of the year	**732,883**	**0.50**	732,883	0.50
Lapsed in year	**(200,000)**	**0.50**	-	-
Outstanding at the end of the year	**532,883**	**0.31**	732,883	0.50
Exercisable at the end of the year	**532,883**	**0.31**	732,883	0.50

Share options with an option life of 10 years were granted in 2013 and, as the performance criteria has been achieved, all options have fully vested. Where applicable, the Board has exercised its discretion so that options granted to former employees continue to be exercisable.

Options outstanding under the Company's share option schemes at 31 August 2021 were as follows:

2013 Enterprise Management Incentive scheme:	**2021 No. of options**	**2020 No. of options**	**Calendar year of grant**	**Exercise period**	**Exercise price per share**
	332,883	532,883	2013	2013-2023	£0.50
	200,000	200,000	2013	2013-2023	£ nil

Notes to the Consolidated Financial Statements

20 Share based payments *(continued)*

The weighted average remaining contractual life of these options is 2 years (2020: 3 years).

The fair value of the employees' services received in exchange for the grant of share options is recognised as an expense. The total amount to be expensed over the vesting period was determined by reference to the fair value of the share options granted, calculated using the Black-Scholes option pricing model.

The share-based payments charge in respect of these share options has been fully expensed in previous financial years.

Long term incentive plan ('LTIP')
Since September 2015, the Group has made awards to certain directors and employees under its Long-Term Incentive Plan ("LTIP").

The beneficiaries of the LTIP are entitled to receive a share of shareholder value created, subject to share price performance and employment criteria. Shareholder value is defined as the growth in the market value of the Company from the base value of August 2014, taking into account dividends and capital returns, if any. The base value is defined as the aggregate value of all of the ordinary shares in the capital of the Company in issue in August 2014 as adjusted for the issue or cancellation of new ordinary shares after that date.

As at 31 August 2021, awards over 0.93% of shareholder value were in place (2020: 0.93%). No further awards under the LTIP are expected to be made.

The fair value of the LTIP was calculated by an external valuations' expert using a two-tiered Black-Scholes option pricing model together with an empirical model. The share-based payments charge in respect of the LTIP awards has been fully expensed in previous financial years.

21 Net cash flows from operating activities

	2021 **£000**	2020 £000
Profit/(loss) on ordinary activities before taxation	**2,039**	(17,081)
Adjustments for:		
Movement in fair value of investments	**(857)**	8,824
Impairment charges on goodwill	**-**	11,416
Loss on disposal of PPE	**-**	20
Depreciation	**76**	93
Net finance income	**(1,840)**	(1,561)
Impairment provision on loans receivable	**-**	195
(Increase)/decrease in trade and other receivables	**(396)**	153
Increase/(decrease) in trade and other payables	**100**	(542)
Cash (used in)/generated from operations	**(878)**	1,517

Notes to the Consolidated Financial Statements

22 Related party transactions

The remuneration of the Directors is as disclosed in note 6 and on page 5.

Transactions between the Company and its wholly-owned subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Certain of the Group's investee companies are deemed to be related parties, because they are classed as associates or joint ventures of the Group. Transactions entered into, and trading balances outstanding at 31 August with these related parties, are as follows:

	Services provided to related party £000	Amounts owed by related party £000
Related party:		
Associates		
2021	**362**	**936**
2020	372	567
Joint venture		
2021	**367**	**38**
2020	491	-
Other		
2021	**-**	**-**
2020	384	-

Amounts owed by related parties are stated gross of VAT.

Terms and conditions of transactions with related parties
Sales to and purchases from related parties are made on an arm's length basis. Outstanding balances with entities other than group companies are unsecured, interest free and cash settlement is expected within agreed payment terms. Terms and conditions for transactions with group companies are the same, with the exception that balances are placed on intercompany accounts with no specified credit period. The Group has not provided or benefited from any guarantees for any related party receivables or payables. As 31 August 2021, the Group has made a provision for ECLs relating to amounts owed by related parties in respect of trade receivables of £33,000 (2020: £33,000).

In addition, the Group has loans and deferred consideration outstanding due from associates and other related parties as disclosed in note 12.

The directors are not aware of any ultimate controlling party.

Notes to the Consolidated Financial Statements

23 Subsidiaries

At 31 August 2021 and 2020 the Company had the following subsidiary undertakings.

Investment	Principal activity	Country of incorporation	% ordinary share capital/ members' interests owned
MXC Guernsey Limited	Investment and intermediate holding company	Guernsey	100%
MXC Capital (UK) Limited*	Investment and intermediate holding company	England & Wales	100%
MXC Capital Markets LLP*	Corporate Finance	England & Wales	100%
MXC Advisory Limited*	Advisory services	England & Wales	100%
MXC Holdings Limited*	Investment company	England & Wales	100%
MXC JV Limited*	Investment company	Guernsey	50%
Lammtara Industries EBT Trustees Limited*	Dormant	England & Wales	100%
2ergo Inc*	Dormant	United States	100%
Georgia Holding Company Inc*	Dormant	United States	100%
M-Invent Inc*	Dormant	United States	100%
Proteus Movil SA*	Dormant	Argentina	100%

*held indirectly

Notes to the Consolidated Financial Statements

24 Subsidiaries with material non-controlling interests

The Group includes a subsidiaries, MXC JV Limited, with material non-controlling interests ("NCI").

MXC JV Limited
At 31 August 2021 an NCI held 50% of the ownership interests and none of the voting rights of MXC JV Limited, a Guernsey based company. The accumulated NCI at 31 August 2021 was £6,524,500 (2020: £6,524,000). Profits of MXC JV Limited amounting to £nil (2020: £2.95 million) were allocated to the NCI during the year. No dividends were paid to the NCI.

Summarised financial information for MXC JV Limited, before intragroup eliminations, is set out below:

	2021 **£000**	2020 £000
Revenue	**-**	-
Total comprehensive (loss)/ income for the year	**(11)**	5,889

	2021 **£000**	2020 £000
Non-current assets	**13,050**	13,150
Current assets	**1**	1
Total assets	**13,051**	13,051
Current liabilities	**(68)**	(57)
Net assets	**12,983**	12,994
Net cash inflow in the year	**-**	-

25 Events after reporting period

There were no events after the end of the reporting period that warrant adjustment or disclosure in the financial statements.