

PROVEN LEGACY PLC

ANNUAL REPORT AND ACCOUNTS

For the year ended 30 June 2020

PROVEN LEGACY PLC

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CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

Introduction

I have pleasure in presenting the Annual Report and Accounts for ProVen Legacy plc (the "Company") for the year ended 30 June 2020.

Fundraising activities

The Company raised gross proceeds of £2,968,760 from the offer for subscription dated 21 August 2018 (the "2018 Offer"), the offer for subscription dated 7 August 2017 (the "2017 Offer") and the offer for subscription dated 3 June 2016 (the "2016 Offer"). Under the offer for subscription dated 17 September 2019 (the "2019 Offer"), the Company raised and allotted a further £527,000, which includes £225,000 allotted in July 2020, bringing total combined proceeds of the four offers to £3,495,760.

The Lending Adviser is now working with another party experienced in Business Property Relief in the Solar sector with a view to expanding the Beringea offering and increasing fundraising. We expect to be able to write to Shareholders soon with a detailed introduction to these proposals.

Results

The net profit for the year ended 30 June 2020 was £15,393 (2019: £37,358).

In the period to 30 June 2017, £50,000 of set up costs were paid by the Company to Beringea LLP under the terms of the Offer for Subscription dated 3 June 2016. In the six-month period to 31 December 2017, this amount was reimbursed to the Company by Beringea LLP. The £50,000 became repayable to Beringea LLP if and when the Company's revenue reserves reached £100,000, which they did at 31 December 2019. A provision for the full £50,000 was therefore made in respect of the repayment of these set up costs to Beringea LLP. This included £37,500 already recognised at 30 June 2019. The balance was settled in the quarter to 31 March 2020.

Dividends

The Company did not declare a dividend in the year to 30 June 2020 (2019: 1.4p per Income Shareholder).

Lending activity

At 30 June 2020, the Company had advanced six loans totalling £3,408,650 (2019: £3,000,000). Of these, a total of £1,350,000 had been fully repaid. Of the remaining balance, total outstanding balances amounted to £821,663 (2019: £978,904) at 30 June 2020.

Cogora Group Limited signed its first loan facility with the Company in April 2017. This was for £500,000 and was drawn down in two equal tranches in April 2017 and May 2017. These were repayable over three years. In February 2018 Cogora drew down two further tranches of £125,000 each, one of which was repaid in full in May 2018. Subsequent to this, two further tranches, each of £125,000, were drawn down in July 2018 and December 2018, repayable over six months. At 31 March 2019 the outstanding tranches were consolidated into one new balance of £429,637. Included in this carried-forward balance was March interest of £3,621 due on the original loan balances as well as £5,033 profit on restructure due to ProVen Legacy plc. This additional profit was reflected in the loan interest income line of the 30 June 2019 accounts. Subsequent to this, an additional facility of £100,000 was extended to Cogora Group Limited in October 2019 and repaid in full in January 2020.

A loan facility of £500,000 was signed in December 2018 with Donatantonio Group Limited, now Lupa Foods Ltd, and fully drawn down.

A loan facility of £500,000 was signed in April 2019 with Premier Employer Solutions Limited and was available to draw down in two tranches. The first tranche of £250,000 was drawn down in April 2019.

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

Subsequently, the facility agreement was amended to £550,000 and a second tranche of £300,000 was drawn down in November 2019.

The economic and commercial turbulence created by the Coronavirus pandemic in the second half of the year has inevitably had an impact on the Company. Whilst all repayments had been received in full and on time up to 31 March 2020, portfolio companies were offered a repayment holiday for the final quarter to 30 June 2020. This was in order to support them through the initial shock of the outbreak. The Company, through its Lending Adviser, continues to work closely with these companies to help them adapt to the new trading environment. In light of the communications, no impairment was deemed necessary for any portfolio loan.

Subsequent to the year end, all loan agreements were renegotiated. All portfolio companies made their first repayments under the new arrangements on 1 July 2020.

Annual General Meeting

The Company's AGM will be held at 2pm on Tuesday 15 September 2020.

In light of the Coronavirus 'social distancing' measures in England, and the legislative measures that have been proposed to allow companies to hold general meetings safely, the AGM will be held as a closed AGM and Shareholders will not be able to attend the AGM. Shareholders are encouraged to submit their votes by proxy, as they will not be able to do so in person. We also welcome questions from our Shareholders which can be submitted via email to info@beringea.co.uk by 5:00 pm on Monday 7 September 2020. Answers to the themes in the questions received will be addressed on the website at www.provenlegacy.co.uk.

Shareholders are strongly encouraged to vote by proxy and appoint the Chairman as their proxy to exercise all or part of their rights to vote on their behalf at the AGM, as no other Shareholder or proxy will be permitted to attend and vote at the AGM.

You will not receive a hard copy form of proxy for the 2020 AGM in the post. Instead, you will be able to vote electronically using the link www.signalshares.com. You will need to log into your Signal Shares account, or register if you have not previously done so. To register you will need your Investor Code, this is detailed on your share certificate or available from our Registrar, Link Asset Services.

Alternatively you may request a hard copy proxy form to be sent to you directly from the registrars, Link Asset Services' general helpline team on Tel: 0371 664 0300. Calls cost 12p per minute plus your phone company's access charge. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

Given the current circumstances, the Company encourages Shareholders to vote electronically. With many people still working from home and delays in the postal system, there is a risk that your vote may not be counted if you send a paper proxy.

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

Post balance sheet events

On 13 July 2020, the Company issued 214,912 Redeemable Growth Shares at an average price of 102.6p per share, with an aggregate nominal value of £2,149. The aggregate consideration for the shares was £220,500, which excluded share issue costs of £4,500.

Subsequent to the year end, a new loan of £225,000 was made to Moor Leasing Limited, a company which specialises in delivering B2B solutions designed to help drive sales, increase margin and improve customer satisfaction. A facility agreement for £1.8 million was also signed in August with Eden Acquisitions Limited, a merger and acquisitions business operating in the solar sector.

The Lending Adviser is now working with another party experienced in Business Property Relief in the Solar sector with a view to expanding the Beringea offering and increase fundraising. We expect to be able to write to Shareholders soon with a detailed introduction to these proposals.

Other than the matter described above, there were no material events during the period from 1 July 2020 to the date of these financial statements.

Outlook

The Lending Adviser is currently in discussions with a number of other borrowers and these discussions are at various stages of engagement. Your Board is therefore confident there is a strong pipeline of lending opportunities available to deploy the capital and interest repayments received on the current portfolio, as well as funds raised under any future Offers for Subscription launched by the Company.

Jamie Perkins
Chairman
18 August 2020

BOARD OF DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2020

Jamie Perkins (Chairman)

Jamie is a partner at Westminster Wealth Management LLP (“Westminster Wealth”), an FCA regulated independent financial planning firm looking after private clients. Jamie heads up the tax efficient investment division, which provides the research, due diligence, investment oversight and advice in this area for private clients. Having filled this role for 20 years, Jamie has reviewed and monitored a significant number of tax advantaged funds and strategies. He also sits on the Westminster Wealth investment committee helping to direct the investment strategy of the group and helps to select discretionary investment solutions for private clients.

Robin Chamberlayne

Robin is the founding partner of Progressive Strategic Solutions LLP (one of the first Chartered firms of Financial Planners in the UK) and co-founder of Armstrong Energy, a successful company managing property and energy infrastructure assets in the UK and India. Armstrong Energy manages assets for institutions and private clients. Robin also sits on the board of a number of EIS backed companies.

Malcolm Moss

Malcolm is a founding partner of Beringea LLP. Over the last 30 years he has been responsible for the growth, development and management of the private equity business of Beringea in both the UK and the USA. In addition to sitting on the boards of ProVen VCT plc and ProVen Growth and Income VCT plc, he sits on the investment committees of Beringea Group’s US venture capital funds.

All the Directors are executive and, with the exception of Malcolm Moss, are independent of the Lending Adviser.

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The Directors present the Strategic Report for the year ended 30 June 2020. The Board prepared this report in accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Principal activities and status

The principal strategy of the Company is to identify opportunities to make loans to a variety of small and medium sized UK private companies with the principal aim of generating stable returns for Shareholders, whilst at the same time seeking to provide diversification and risk protection. The common feature of such loans will be that each loan will be backed by assets used in the business, or the business will have predictable revenue streams.

Business model

The Company intends to lend to businesses which have some or all of the following key characteristics:

- **A proven demand for the Company's product or service.** Companies will normally have a turnover of between £1 million and £50 million per annum at the point that the Company provides financing, evidencing demand for their products or services.
- **Core assets**, fixed and current, over which the Company will normally take security, such as:
 - Asset backed lending – namely specific finance for, by way of example, plant and machinery, technology, media and telecoms equipment;
 - Renewable assets;
 - Infrastructure assets;
 - Property assets;
 - Stock; and
 - Debtors.

The above is not an exhaustive list and assets will be assessed on a case-by-case basis. In the absence of core assets, the companies may have **predictable revenue streams**.

- **A strong management team** with a proven track record of achievement.

The loans made by the Company will generally have repayment profiles which will be repaid on a monthly or quarterly basis over a three or four year period on an amortising basis, with capital and interest repayments being made on a regular basis.

Principal risks and uncertainties

The principal risks faced by the Company relating to its trading activities and how they are managed are as follows:

Risk of loan non-performance

The value of loans advanced by the Company may vary because of a number of factors, including, but not limited to, the financial condition of the underlying borrowers, the industry in which a borrower operates, general economic or political conditions, interest rates, the condition of the debt trading markets and certain other financial markets, developments or trends in any particular industry and changes in prevailing interest rates.

As a lender, the Company will not control or influence the boards of directors of companies to whom it lends and may not be in a position to protect its interests fully. Although the Company aims to make asset secured loans to small and medium sized unquoted companies with strong prospects, some companies

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2020

may have limited cashflow resources to make repayment of the loans. Although the Company intends to take security in the assets which have a resale value, there is no guarantee that the assets will have any value should they need to be sold to repay the debt finance, as they may not be readily marketable.

The level of defaults on loans and the losses suffered on such defaults may increase in the event of adverse financial or credit market conditions. The liquidity in defaulted loans may also be limited, and to the extent that defaulted loans are sold, it is possible that the proceeds from such sale could be lower than the amount of unpaid principal and interest thereon, which would adversely affect the value of the loans and, consequently, the net asset value of the Company.

The Lending Adviser closely monitors the activities and performance of the companies to which loans are extended and reports to the Board on a quarterly basis.

Concentration risk of loan portfolio

A high proportion of the Company's net assets is currently represented by loans to three underlying borrowers. The performance of the Company is therefore heavily dependent on the performance of these three underlying borrowers, namely Cogora Group Limited, Donatantonio Group Limited, and Premier Employer Solutions Limited. As noted above, active monitoring of the borrowers is undertaken by the Lending Adviser and as further loans are advanced, it is expected that this concentration risk will be reduced.

Risks relating to taxation

The Directors intend to operate the Company with a view to ensuring that a subscription for shares in the Company will offer Shareholders Business Property Relief from Inheritance Tax, but there can be no guarantee that the Company will fulfil or maintain the criteria to obtain such relief or that HMRC will not challenge whether Shareholders are entitled to Business Property Relief, which may give rise to Shareholders incurring costs in engaging professional advisers to defend their position.

The Company engages Philip Hare and Associates LLP to advise on inheritance tax developments, and specifically Business Property Relief, and will reflect these developments, where applicable, in the activities of the Company.

The Company's principal financial risks for the year ended 30 June 2020 are detailed in note 13 on pages 29 and 30.

Brexit

On 24 June 2016 it was announced that the UK electorate had voted to leave the European Union ("EU"). At the date of these financial statements there are significant uncertainties in relation to the final terms of our withdrawal from the EU, and significant uncertainties as to what the impact will be on the fiscal, monetary, legal and regulatory landscape in the UK.

Coronavirus pandemic

The short-term outlook for the UK economy will be dominated by the Coronavirus pandemic. The impact on the Company, if any, is difficult to predict. The Company is, however, through its Lending Adviser, in close contact with portfolio companies, receiving regular updates on performance. As ever, loans are kept under review for any impairment. This is discussed in more detail in the Chairman's Statement.

Business review and future developments

The Company's business review and future developments are set out in the Chairman's Statement on pages 3 to 5.

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Key performance indicators

At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in meeting its objectives. The Board believes the Company's key performance indicators are Net Asset Value per Redeemable Growth Share, Net Asset Value per Redeemable Income Share and repayment of loans against contractual agreements.

During the year, the Net Asset Value ("NAV") per Growth Share increased from 101.9p to 102.4p at 30 June 2020.

During the same period, the Net Asset Value ("NAV") per Income Share decreased from 101.0p to 100.7p at 30 June 2020. This is reflective of the profit in the period attributable to the Income Shares offset by the payment of a 0.4p dividend on 1 November 2019 as well as associated administrative costs.

The total difference in Net Asset Value between the two share classes is primarily a result of the 1.4p per share total dividends paid to Income Shareholders to date.

The economic and commercial turbulence created by the Coronavirus pandemic in the second half of the year has inevitably had an impact on the Company. Whilst all repayments had been received in full and on time up to 31 March 2020, portfolio companies were offered a repayment holiday for the final quarter to 30 June 2020. This was in order to support them through the initial shock of the outbreak. The Company, through its Lending Adviser, continues to work closely with these companies to help them adapt to the new trading environment.

Subsequent to the year end, all loan agreements were renegotiated. All portfolio companies made their first repayments under the new arrangements on 1 July 2020.

Board engagement with our stakeholders

The Directors have considered section 172 of the Companies Act 2006 and are aware of their wider responsibilities not only to the Company and its members but also to a wider group of stakeholders. As a company, we believe in forming strong, open and direct relationships with our key stakeholders, including clients, suppliers and regulators.

- *Clients:* The Board receives regular updates from senior management on the company's interaction with its investee companies. There are no individual clients.
- *Suppliers:* We ensure we have signed contracts with all major suppliers and we seek to meet our contractual obligations to all suppliers.
- *Regulators:* we engage regularly in open, candid discussions with our regulators and prioritise meeting all necessary regulatory requirements.

By order of the Board

Jamie Perkins
Chairman
18 August 2020

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2020

The Directors present the Annual Report and Accounts of the Company for the year ended 30 June 2020.

Results and dividends

The results for the year are set out on page 16.

The Company did not declare a dividend for the year to 30 June 2020 (2019: 1.4p per Income Shareholder).

Directors

The Directors, whose names and biographies are set out on page 6, all served throughout the year.

Malcolm Moss, a Director of the Company, is also a Partner of Beringea LLP. Beringea LLP was the Company's Lending Adviser and Administration Manager during the period.

Share capital

The issued share capital of the Company as at 30 June 2020 is set out in note 9 of these accounts on pages 25 to 27.

During the year, 445,064 Redeemable Growth Shares were issued at an average price of £1.05 per Redeemable Growth Share, with an aggregate consideration of £453,298, which excluded share issue costs of £13,702.

During the year, 25,000 Redeemable Income Shares were redeemed at an average price of £1.00 per share, with an aggregate consideration of £24,973.

Borrowings

It is not the Company's intention to have any borrowings. The Company, however, has the ability to borrow a maximum amount which is equal to 10% of NAV.

Auditor

A resolution to re-appoint BDO LLP as the Company's auditor will be proposed at the forthcoming AGM. BDO LLP has expressed its willingness to continue in office.

Annual General Meeting

The Company's AGM will be held at 2pm on Tuesday 15 September 2020.

In light of the Coronavirus 'social distancing' measures in England, and the legislative measures that have been proposed to allow companies to hold general meetings safely, the AGM will be held as a closed AGM and Shareholders will not be able to attend the AGM. Shareholders are encouraged to submit their votes by proxy, as they will not be able to do so in person. We also welcome questions from our Shareholders which can be submitted via email to info@beringea.co.uk by 5:00 pm on Monday 7 September 2020. Answers to the themes in the questions received will be addressed on the website at www.provenlegacy.co.uk.

Please see page 4 of the Chairman's Statement for further details.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2020

Directors' indemnity

Directors' and Officers' liability insurance cover is held by the Company in respect of the Directors.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Website publication

The Directors are responsible for ensuring that the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website, www.provenlegacy.co.uk, in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board

Jamie Perkins
Chairman
18 August 2020

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2020

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF PROVEN LEGACY PLC

Opinion

We have audited the financial statements of ProVen Legacy PLC ("the Company") for the year ended 30 June 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2020

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit: the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the Directors' Report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2020

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's Directors, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 as applied by Companies (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the Company's Directors 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 Partnership and the Company's Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Eran Wieder (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
Date: 18 August 2020

BDO LLP is a Company registered in England and Wales (with registered number OC305127).

PROVEN LEGACY PLC
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Year ended 30 June 2020 £	Year ended 30 June 2019 £
Loan interest income	2	96,405	103,113
Early exit income	2	-	20,531
Other income	2	19,500	40,375
Operating income		115,905	164,019
Administrative expenses		(95,721)	(111,271)
Operating profit		20,184	52,748
Interest income		1,750	622
Bank charges		(394)	(478)
Profit on ordinary activities before taxation		21,540	52,892
Taxation	4	(6,147)	(15,534)
Profit on ordinary activities after taxation		15,393	37,358

The Company has no recognised gains or losses other than the results as set out above and accordingly a separate statement of other comprehensive income has not been prepared.

The notes set out on pages 20 to 31 form part of these financial statements.

PROVEN LEGACY PLC
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

		As at 30 June 2020	As at 30 June 2019
	Note	£	£
Fixed Assets			
Loans	14	821,663	978,904
Current assets			
Debtors	5	27,339	6,358
Cash at bank and in hand		2,572,500	1,962,258
Creditors – amounts falling due within one year	6	(60,195)	(101,454)
Provisions	7	-	(37,500)
Net current assets		2,539,644	1,892,662
Total assets less current liabilities		3,361,307	2,808,566
Capital and reserves			
Called up share capital	9	30,666	26,466
Share premium		3,053,552	2,629,428
Unallotted share capital		225,000	115,000
Revenue reserves		52,089	37,672
Total equity shareholders' funds		3,361,307	2,808,566
Net Asset Value per Redeemable Growth Share	10	102.4p	101.9p
Net Asset Value per Redeemable Income Share	10	100.7p	101.0p

The notes set out on pages 20 to 31 form part of these financial statements.

Jamie Perkins
Chairman
ProVen Legacy plc
Company number: 10024220
18 August 2020

PROVEN LEGACY PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

For the year ended 30 June 2020	Note	Called up share capital £	Share premium £	Unallotted share capital £	Revenue reserve £	Total £
At 1 July 2019		26,466	2,629,428	115,000	37,672	2,808,566
Issue of new shares in the period		4,450	462,549	(115,000)	-	351,999
Unallotted share capital		-	-	225,000	-	225,000
Share issue costs	12	-	(13,702)	-	-	(13,702)
Redemption of shares		(250)	(24,723)	-	-	(24,973)
Dividends paid	11	-	-	-	(976)	(976)
Total comprehensive income		-	-	-	15,393	15,393
At 30 June 2020		30,666	3,053,552	225,000	52,089	3,361,307
For the year ended 30 June 2019		Called up share capital £	Share premium £	Unallotted share capital £	Revenue reserve £	Total £
At 1 July 2018		17,315	1,714,354	-	2,414	1,734,083
Issue of new shares in the period		9,851	1,020,910	-	-	1,030,761
Unallotted share capital		-	-	115,000	-	115,000
Share issue costs		-	(37,096)	-	-	(37,096)
Redemption of shares		(700)	(68,740)	-	-	(69,440)
Dividends paid		-	-	-	(2,100)	(2,100)
Total comprehensive loss		-	-	-	37,358	37,358
At 30 June 2019		26,466	2,629,428	115,000	37,672	2,808,566

The notes set out on pages 20 to 31 form part of these financial statements.

PROVEN LEGACY PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Year ended 30 June 2020	Year ended 30 June 2019
	£	£
Profit on ordinary activities before taxation	21,540	52,892
Loans advanced	(400,000)	(1,008,654)
Capital loan repayments received	557,421	1,465,168
Increase/(decrease) in debtors	(20,981)	5,010
(Decrease)/increase in creditors	(69,553)	52,345
Tax paid	(15,534)	(566)
Net cash used in operating activities	72,893	566,195
Cash flows from investing activities	-	-
Cash flows from financing activities		
Proceeds from share issue – allotted	352,000	1,030,761
Proceeds from share issue – unallotted	225,000	115,000
Share issue costs	(13,702)	(37,096)
Shares redeemed	(24,973)	(69,440)
Dividends paid	(976)	2,100
Net cash from financing	537,349	1,037,125
Increase in cash and cash equivalents	610,242	1,603,320
Cash at beginning of period	1,962,258	358,938
Net cash inflow for the period	610,242	1,603,320
Cash at end of period	2,572,500	1,962,258

Included in profit on ordinary activities after taxation was interest received of £1,750 (2019: £622).

The notes set out on pages 20 to 31 form part of these financial statements.

PROVEN LEGACY PLC

NOTES TO THE FINANCIAL STATEMENTS

1) Accounting policies

Proven Legacy plc is a private company limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the Strategic Report. The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The following accounting policies have been applied consistently throughout the year.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have assessed the cash profile of the company, the impact of the coronavirus pandemic on the repayment of loans, the low level of expenses in relation to loans and the fundraising post year end and consider no foreseeable issues. Thus they adopt the going concern basis of accounting in preparing the financial statements.

Income

Income from loans is recognised on an effective rate basis, reflecting all fixed returns associated with the loan and amortised over the life of the loan.

Other income is recognised when the Company becomes contractually entitled to the income.

Expenses

All expenses (inclusive of VAT) are accounted for on an accruals basis.

Current and deferred taxation

Corporation tax is applied to profits chargeable to corporation tax, if any, at the applicable rate for the period.

Deferred tax is recognised in respect of all timing differences that have originated, but not reversed by the balance sheet date, to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met. Deferred income tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences are expected to reverse, and determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Loans

Loans are recognised when the Company becomes a party to the contractual provisions of the loans. Loans are initially recognised at transaction price and subsequently recognised at amortised cost as assessed based on the loan's effective interest rate, which includes all fixed returns associated with the loan, less any allowance for impairment. Loans are derecognised when the contractual rights to cash flows expire or have been settled.

PROVEN LEGACY PLC

NOTES TO THE FINANCIAL STATEMENTS

Provisions and contingent liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

A contingent liability is recognised where the obligation is possible or where the outflow cannot be measured reliably.

Cash at bank and in hand

Cash at bank and in hand comprises cash in hand or on-demand deposits.

Debtors and creditors

Debtors and creditors are recognised at cost with any allowance for impairment.

Capital and reserves

The Company's share capital comprises Ordinary Shares, Redeemable Growth Shares and Redeemable Income Shares.

These share classes are considered to constitute equity rather than liabilities because there is no contractual obligation to deliver cash through mandatory redemption of shares or mandatory dividend payments and because the shares have a residual interest in the assets of the Company after deducting all of its liabilities since these shares are entitled to a proportion of capital on wind up.

Capital and reserves for the Company represent the following:

Called up share capital – the nominal value of shares issued, increased for subsequent share issues or reduced due to shares redeemed by the Company.

Share premium – this reserve contains the excess of gross proceeds over the nominal value of shares allotted, less any share issue costs.

Unallotted share capital – this reserve contains any consideration received for the issue of share capital, but which, at the date of these financial statements, is yet to be formally issued and allotted to the individuals who paid such consideration.

Revenue reserve - the cumulative net return or loss of the Company. Dividends may be paid from this reserve.

Dividends

Dividends payable are recognised when they become legally binding, being on approval by the Directors in a Board meeting, subject to availability of distributable reserves.

Significant judgements and estimates

Provisions and Contingent Liabilities

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities. A provision is recognised when there is a present obligation as a result of a past event and where a transfer of economic benefits is probable to settle the obligation and the obligation can

PROVEN LEGACY PLC NOTES TO THE FINANCIAL STATEMENTS

be reliably measured. Provisions are measured at the best estimate of the amount required to settle the obligation at the reporting date.

Contingent liabilities arise where the outflow of economic benefits cannot be measured reliably or it is not probable that an outflow of economic benefits will be required.

Impairment of Loans

A loan is considered to be impaired when it is probable that not all of the related principal and interest payments will be collected.

Loans are reviewed for impairment at each reporting date and when the Company is aware of events or other factors which may indicate an impairment could arise. Management assesses the impairment of loans through discussion at board meetings, having regular communication with senior management, reviewing forecasts, monitoring covenants and assessing where the loan is held in the equity and debt stack.

In reviewing for impairment management also consider a number of factors, including whether all repayments have been made to date, the past and present performance and future forecasts of the companies the loans have been provided to, the impact of the coronavirus on performance and any other available information.

2) Revenue

	Year ended 30 June 2020 £	Year ended 30 June 2019 £
Loan interest income	96,405	103,113
Early exit income	-	20,531
Other income	19,500	40,375

Loan interest income includes any fixed exit fees which form part of a facility agreement. These fees have been factored into the effective interest rate applied to the life of a loan. If a loan terminates early, however, any balance in excess of that already included in interest will be recognised separately as early exit income.

Other income comprises £10,000 (2019: £2,750) of income recognised in relation to loans that did not proceed to completion, £9,500 (2019: £34,625 of arrangement and monitoring fees on loans arranged by the Company and £nil (2019: £3,000) of covenant amendment fees.

PROVEN LEGACY PLC
NOTES TO THE FINANCIAL STATEMENTS

3) Administrative expenses

Included within administrative expenses are the following:

	Note	Year ended 30 June 2020 £	Year ended 30 June 2019 £
Set up costs / (set up costs reimbursed)	12	12,500	37,500
Directors' remuneration		20,000	20,000
Social security costs on Directors' remuneration		378	436
Auditor's remuneration for statutory audit ¹		12,500	8,000
Auditor's remuneration – tax compliance		3,750	3,750

¹ In addition to the auditor's remuneration payable by the Company set out in the table above, Beringea LLP agreed to pay audit costs of £2,500 on behalf of the Company in the prior year. The auditor fees above do not include VAT.

Directors' remuneration

Since 3 June 2016, Jamie Perkins and Robin Chamberlayne were entitled to receive a fee of £10,000 per annum. Malcolm Moss is not entitled to a fee. Once net proceeds of £5,000,000 have been raised by the Company, the fees of Jamie Perkins will increase to £20,000 per annum and the fees of Robin Chamberlayne will increase to £15,000 per annum, as from the commencement of the following financial year.

The Directors shall also be paid by the Company all reasonable travelling, hotel and other expenses they may incur in attending meetings or otherwise in connection with the discharge of their duties.

The Company does not have any pension arrangements or share options in place.

4) Tax on ordinary activities

	Year ended 30 June 2020 £	Year ended 30 June 2019 £
Profit on ordinary activities before taxation	21,540	52,892
Tax charge at the applicable rate of 19.00% (2019: 19.00%)	4,093	10,049
<i>Effects of:</i>		
Expenses not deductible for tax purposes	2,054	5,485
Corporation tax charge	6,147	15,534

PROVEN LEGACY PLC
NOTES TO THE FINANCIAL STATEMENTS

5) Debtors

	As at 30 June 2020 £	As at 30 June 2019 £
Accrued interest	25,552	6,358
Other debtors	1,787	-
Total	27,339	6,358

6) Creditors

	As at 30 June 2020 £	As at 30 June 2019 £
Accruals	51,448	48,328
Taxation payable	6,147	15,534
Social security and taxes payable	2,000	2,000
Promoters fees payable	600	26,337
Loan receipts received in advance	-	9,255
Total	60,195	101,454

7) Provisions

	As at 30 June 2020 £	As at 30 June 2019 £
Opening provision	37,500	-
Charge in period	12,500	37,500
Paid in period	(50,000)	-
Closing provision	-	37,500

The provision relates to the set up costs as detailed in Note 8.

8) Contingencies, Guarantees and Financial Commitments

In the period to 30 June 2017, £50,000 of set up costs were paid by the Company to Beringea LLP under the terms of the Offer for Subscription dated 3 June 2016. In the six-month period to 31 December 2017, this amount was reimbursed to the Company by Beringea LLP. The £50,000 became repayable to Beringea LLP if and when the Company's revenue reserves reached £100,000, which they did at 31 December 2019. A provision for the full £50,000 was therefore made in respect of the repayment of these set up costs to Beringea LLP. This included £37,500 already recognised at 30 June 2019. The balance was settled in the quarter to 31 March 2020.

The Lending Adviser is entitled to receive from the Company an annual advisory fee equal to 1.5% of the Net Asset Value of the Company plus VAT. This is only applicable should the Company achieve its

PROVEN LEGACY PLC
NOTES TO THE FINANCIAL STATEMENTS

targeted annual return of 3% per share in a financial year. Otherwise, a deferral provision applies whereby, if in any financial year the Company exceeds its targeted minimum total annual return of 3% per share, then the amounts of the Lending Adviser's advisory fee which have been deferred and retained in prior years will be released and paid to the Lending Adviser to the maximum extent possible, but not so as to reduce the total annual return per share below 3% for the financial year in question. Therefore, at 30 June 2020, there exists a total contingent liability of £92,303 plus VAT, being a combination of 1.5% of the net assets of the Company at both 30 June 2019 and 30 June 2020.

At 30 June 2020, the Company had no other contingent liabilities, guarantees and financial commitments.

9) Share capital

Issued, allotted, called up and fully paid:	30 June 2020		30 June 2019	
	Number	Amount £	Number	Amount £
Ordinary Shares of £1 each	2	2	2	2
Redeemable Growth Shares of £0.01 each	2,847,415	28,474	2,402,351	24,024
Redeemable Income Shares of £0.01 each	218,989	2,190	243,989	2,440
Total		30,666		26,466

Share movement in the period

During the period, movements in the Company's share capital were as follows:

	Redeemable Growth Shares		Redeemable Income Shares		Ordinary Shares	
	Number	Amount £	Number	Amount £	Number	Amount £
As at 1 July 2019	2,402,351	24,024	243,989	2,440	2	2
Issued in the period	445,064	4,450	-	-	-	-
Redeemed in the period	-	-	(25,000)	(250)	-	-
As at 30 June 2020	2,847,415	28,474	218,989	2,190	2	2

During the year, 445,064 Redeemable Growth Shares were issued at an average price of £1.05 per Redeemable Growth Share, with an aggregate consideration of £453,298, which excluded share issue costs of £13,702.

During the year, 25,000 Redeemable Income Shares were redeemed at an average price of £1.00 per share, with an aggregate consideration of £24,973.

Share Rights

Ordinary Shares

The holders of Ordinary Shares shall be entitled to receive such dividends as may be declared by the Company in general meeting.

Each holder of Ordinary Shares present in person or by proxy shall on a poll have one vote for every

PROVEN LEGACY PLC

NOTES TO THE FINANCIAL STATEMENTS

Ordinary Share of which he is the holder.

On a winding up the holders of the Ordinary Shares shall be entitled to be paid out of the assets of the Company available for distribution the nominal amount paid up on such shares pari passu with, and in proportion to, amounts of capital paid to the holders of other classes of shares, but do not carry any further right to participate in the surplus assets of the Company.

Redeemable Growth Shares

The Redeemable Growth Shares carry no right to receive any dividend out of the revenue profits of the Company.

In respect of any period, the aggregate of the revenue profits of the Company (after taking account of a reasonable allocation of costs attributable to the Redeemable Income Shares which will be allocated directly to such classes of share) multiplied by the most recently calculated Redeemable Growth Share Capital Ratio shall belong to the holders of the Redeemable Growth Shares (as between them pro rata to their respective holding of Redeemable Growth Shares) and shall be aggregated with the Net Asset Value of the Redeemable Growth Shares for the purposes of calculating the Redeemable Growth Share Capital Ratio.

On a winding up or on a return of capital (otherwise than on a redemption pursuant to Article 10.2.4), the holders of the Redeemable Growth Shares shall be entitled to be paid such proportion of the surplus capital and assets of the Company available for distribution as is equivalent to the most recently calculated Redeemable Growth Share Capital Ratio, pro rata to their respective holdings of Redeemable Growth Shares.

Subject as otherwise provided by the Articles of Association, each holder of Redeemable Growth Shares present in person or by proxy shall on a poll have one vote for each Redeemable Growth Share held by him.

Redeemable Growth Shares are capable of being redeemed by the Company on any Redemption Date (being 30 June or 31 December in each financial year), subject always to (a) receipt by the Company of a valid Election to Redeem by no later than the end of the calendar month prior to the relevant Redemption Date, (b) the provisions of the Companies Acts, (c) such redemption being approved by the Board, in its absolute discretion and (d) the Company having sufficient cash. Following redemption of Redeemable Growth Shares, the holders of such redeemed Redeemable Growth Shares shall, subject to the provisions of the Companies Acts, be paid in such number of instalments as the Board shall determine (in its absolute discretion) a sum equal to the Redeemable Growth Share Redemption Value multiplied by the number of Redeemable Growth Shares the subject of the Election to Redeem, less a discount of 1%.

Following the service of a valid Election to Redeem in respect of which the Board shall have approved the redemption, the Redeemable Growth Shares that are the subject of the Election to Redeem shall, with effect from the applicable Redemption Date cease to entitle the holders thereof to receive notice of, and to attend and vote at, any general meeting of the Company or any class meeting.

Redeemable Income Shares

In respect of any period, the aggregate of the revenue profits of the Company (after taking account of a reasonable allocation of costs attributable to the Redeemable Growth Shares which will be allocated directly to such classes of share) multiplied by the most recently calculated Redeemable Income Share Capital Ratio (exclusive of any imputed tax credit available to shareholders) shall belong to the holders of the Redeemable Income Shares (as between them pro rata to their respective holding of Redeemable Income Shares). Any such share of the revenue profits which are not distributed to the holders of the

PROVEN LEGACY PLC
NOTES TO THE FINANCIAL STATEMENTS

Redeemable Income Shares in any relevant period shall be aggregated to the net asset value of the Redeemable Income Shares for the purposes of calculating the future Redeemable Income Share Capital Ratio.

On a winding up or on a return of capital (otherwise than on a redemption pursuant to Article 10.1.4), the holders of the Redeemable Income Shares shall be entitled to be paid such proportion of the surplus capital and assets of the Company available for distribution as is equivalent to the most recently calculated Redeemable Income Share Capital Ratio, pro rata to their respective holdings of Redeemable Income Shares.

Subject as otherwise provided by the Articles of Association, each holder of Redeemable Income Shares present in person or by proxy shall on a poll have one vote for each Redeemable Income Share held by him.

Redeemable Income Shares are capable of being redeemed by the Company on any Redemption Date, subject always to (a) receipt by the Company of a valid Election to Redeem by no later than the end of the calendar month prior to the relevant Redemption Date, (b) the provisions of the Companies Acts, (c) such redemption being approved by the Board, in its absolute discretion and (d) the Company having sufficient cash. Following redemption of Redeemable Income Shares, the holders of such redeemed Redeemable Income Shares shall, subject to the provisions of the Companies Acts, be paid in such number of instalments as the Board shall determine (in its absolute discretion) a sum equal to the Redeemable Income Share Redemption Value multiplied by the number of Redeemable Income Shares the subject of the Election to Redeem, less a discount of 1%.

Following the service of a valid Election to Redeem in respect of which the Board shall have approved the redemption, the Redeemable Income Shares that are the subject of the Election to Redeem shall, with effect from the applicable Redemption Date cease to be entitled to any dividend paid or declared in respect of Redeemable Income Shares and shall also cease to entitle the holders thereof to receive notice of, and to attend and vote at, any general meeting of the Company or any class meeting.

10) Net asset value per share

At 30 June 2019

	Total	Redeemable Growth Shares	Redeemable Income Shares	Ordinary Shares
Shares in issue at 30 June 2019	<u>2,646,342</u>	<u>2,402,351</u>	<u>243,989</u>	<u>2</u>
Net assets (excluding unallotted share capital)	2,693,566	2,447,082	246,482	2
Net asset value per share		101.9p	101.0p	100.0p
Unallotted share capital	115,000	115,000	-	-
Net assets	2,808,566	2,562,082	246,482	2

PROVEN LEGACY PLC
NOTES TO THE FINANCIAL STATEMENTS

At 30 June 2020

	Total	Redeemable Growth Shares	Redeemable Income Shares	Ordinary Shares
Shares in issue at 30 June 2020	3,066,406	2,847,415	218,989	2
Net assets (excluding unallotted share capital)	3,136,327	2,915,815	220,510	2
Net asset value per share		102.4p	100.7p	100.0p
Unallotted share capital	225,000	225,000	-	-
Net assets	3,361,327	3,140,815	220,510	2

11) Dividends

	Year ended 30 June 2020			Year ended 30 June 2019			
	Pence	Income Shares £	Growth Shares £	Total £	Income Shares £	Growth Shares £	Total £
Ordinary dividends							
Paid							
2019 Interim	1.0p	-	-	-	2,100	-	2,100
2019 Final	0.4p	976	-	976	-	-	-
		976	-	976	2,100	-	2,100

12) Controlling Party and related party transactions

In the opinion of the Directors, there is no immediate or ultimate controlling party. There are no key management personnel other than the Directors.

Malcolm Moss, a Director of the Company, is also a Partner of Beringea LLP. Beringea LLP was the Company's Lending Adviser and Administration Manager during the period.

During the year from 1 July 2019 to 30 June 2020, fees payable to Beringea LLP in its capacity as Administration Manager amounted to £26,593 (2019: £24,000). A total of £26,593 (2019: £30,000) remained outstanding at 30 June 2020 in respect of administration fees.

PROVEN LEGACY PLC NOTES TO THE FINANCIAL STATEMENTS

No fees (2018: £nil) were paid to Beringea LLP in its capacity as Lending Adviser.

As explained, a provision for £50,000 was made in respect of the repayment of set up costs to Beringea LLP. This included £37,500 already recognised at 30 June 2019. The balance was settled in the quarter to 31 March 2020.

Beringea LLP also acted as promoter for the offer for subscription dated 17 September 2019. The promoter's fees in the period amounted to £13,702 (2019: £37,096), out of which Beringea LLP paid certain costs of the offer as well as initial commissions.

Beringea also received arrangement fees in respect of loans extended by the Company totaling £nil (2019: £nil) and monitoring fees of £nil (2019: £nil). These fees are payable by the borrowers and are not a direct liability of the Company.

13) Principal risks and financial instruments

The Company operates as a lending company and has a portfolio of loans that are treated as financial instruments, measured at amortised cost as per the accounting policies in Note 1.

The Company's operations expose the Company to a number of risks associated with financial instruments. The principal financial risks arising from the Company's operations are:

- Interest rate risk (as part of market risk);
- Credit risk; and
- Liquidity risk.

Interest rate risk

Interest rate risk is the risk that a change in interest rates will affect the financial performance or financial position of the Company. Interest rate risk is expected to be minimal as the loans attract interest at a fixed rate.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument is unable to discharge a commitment to the Company made under that instrument. The Company is exposed to credit risk predominately through its loans and cash deposits. The Lending Adviser manages credit risk on loans through regular contact with the borrowers and through review of management accounts and other financial information. Credit risk is also mitigated by taking security over the borrower's assets. The level of security is a key means of managing credit risk on loans.

Cash is held by the Royal Bank of Scotland plc, rated BBB+ by Standard and Poor's and A+ by Fitch (based on long term, inside the ring fence, credit ratings), and ultimately part-owned by the UK Government. Consequently, the Directors consider that the risk profile associated with cash is low.

There have been no impairment charges recognised during the period that are directly attributable to changes in credit risk.

PROVEN LEGACY PLC
NOTES TO THE FINANCIAL STATEMENTS

The Company's exposure to credit risk is summarised as follows:

	£
Cash and cash equivalents	2,572,500
Loans	<u>821,663</u>
	<u>3,394,163</u>

Liquidity risk

Liquidity risk is the risk that the Company encounters difficulties in meeting obligations associated with its financial liabilities.

The Company always aims to hold sufficient level of cash in order to meet expenses and other cash outflows as required. The Company will generally seek to structure loans with monthly or quarterly repayments, where appropriate. For these reasons, the Board believes that the Company's exposure to liquidity risk is minimal.

The Company's matched bargain service will seek to satisfy any redemption requests received from the Company's shareholders, which mitigates the liquidity risk surrounding redemptions.

As at 30 June 2020, no creditors are past due.

The below sets out a summary of the Company's assets and liabilities by expected maturity:

	Loans	Cash	Creditors
	£	£	£
Receivable after more than 1 year	61,483	-	-
Receivable/(due) within 1 year	760,180	2,572,500	(60,195)
Total	<u>821,663</u>	<u>2,572,500</u>	<u>(60,195)</u>

Subsequent to the year end, all loan agreements were amended in light of the coronavirus pandemic. All portfolio companies made their first repayments under the new arrangements on 1 July 2020.

14) Loans

Opening balance at 1 July 2019	978,904
Advances in the period	400,000
Repayments	(557,241)
Closing balance at 30 June 2020	<u>821,663</u>

PROVEN LEGACY PLC NOTES TO THE FINANCIAL STATEMENTS

15) Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's Statement on pages 3 to 5, the Strategic Report on pages 7 to 9, and the Directors' Report on pages 10 to 12. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Statement of Financial Position on page 17, the Statement of Cash Flows on page 19 and the Strategic Report on pages 7 to 9. In addition, note 13 to the financial statements includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources both at the year end and at the date of this report. The Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statement.

16) Post balance sheet events

On 13 July 2020, the Company issued 214,912 Redeemable Growth Shares at an average price of 102.6p per share, with an aggregate nominal value of £2,149. The aggregate consideration for the shares was £220,500, which excluded share issue costs of £4,500.

Subsequent to the year end, a new loan of £225,000 was made to Moor Leasing Limited, a company which specialises in delivering B2B solutions designed to help drive sales, increase margin and improve customer satisfaction. A facility agreement for £1.8 million was also signed in August with Eden Acquisitions Limited, a merger and acquisitions business operating in the solar sector.

The Lending Adviser is now working with another party experienced in Business Property Relief in the Solar sector with a view to expanding the Beringea offering and increase fundraising. We expect to be able to write to Shareholders soon with a detailed introduction to these proposals.

Other than the matter described above, there were no material events during the period from 1 July 2020 to the date of these financial statements.

PROVEN LEGACY PLC COMPANY INFORMATION

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10024220

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