

PROVEN LEGACY PLC

HALF-YEARLY REPORT

For the Six Months Ended 31 December 2018

PROVEN LEGACY PLC
INDEX TO THE HALF-YEARLY REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	<u>Page</u>
Chairman's Statement	3
Unaudited Condensed Income Statement	5
Unaudited Condensed Statement of Financial Position	6
Unaudited Condensed Statement of Changes in Equity	7
Unaudited Condensed Statement of Cash Flows	8
Notes to the Half-Yearly Report	9
Company Information	14

CHAIRMAN'S STATEMENT

Introduction

I have pleasure in presenting the half yearly report for ProVen Legacy plc (the "Company") for the six months ended 31 December 2018.

Net Asset Value

During the six-month period, the net asset value ("NAV") per share increased from 100.2p to 101.4p at 31 December 2018.

Results

The net profit for the six-month period to 31 December 2018 was £22,542. 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 will become repayable to Beringea LLP if and when the Company's revenue reserves reach £100,000. At 31 December 2018, based on the level of revenue reserves prior to a provision, a provision of £25,000 has been made in respect of the repayment of these set up costs to Beringea LLP.

Fundraising activities

The Company launched an offer for subscription on 7 August 2017 (the "2017 Offer"). The 2017 Offer remained open until 6 August 2018, raising a total of £933,000.

On 21 August 2018, a further offer for subscription was launched (the "2018 Offer"). The 2018 Offer will remain open until 20 August 2019. Up to 31 December 2018, a total of £475,760 gross proceeds had been raised, of which £251,760 had been allotted during the year.

After 31 December 2018, a further £110,000 was received and a total of £334,000 allotted under the 2018 Offer.

Lending activity

At 31 December 2018, the Company had advanced five loans totalling £2,750,000. Of these, a total of £1,125,000 had been fully repaid. Of the remaining balance, total outstanding balances amounted to £1,095,208 at 31 December 2018.

The below sets out a summary of lending activity since this was previously reported in the annual report and accounts for the year ended 30 June 2018.

Cogora drew down two further tranches, each of £125,000, in July 2018 and November 2018. These are repayable over six months.

A loan facility of £500,000 was signed in October 2017 with Think Limited. At 31 December 2017 £250,000 was drawn down and the remaining £250,000 was drawn down in January 2018. These were repaid in full in November 2018.

In March 2018, a facility of up to £2,000,000 was agreed with Edesix Limited. At 30 June 2018, £500,000 had been drawn down. This was repaid in full in September 2018.

A loan facility of £500,000 was signed in December 2018 with Donatantonio Group Limited and fully drawn down. It is repayable over two years.

Post balance sheet events

Other than the matters described above, there were no material events during the period from 1 January 2019 to the date of this half-yearly report.

CHAIRMAN'S STATEMENT

Outlook

The Company has already lent more cash than it has received from investors as a result of relending capital and interest repayments. All loans repayments are up to date and the Company is currently receiving monthly repayments of around £60,000. As well as providing liquidity for the Company, this means that additional lending opportunities can be sought as the current lending portfolio is repaid. The Lending Adviser continues to identify attractive lending opportunities for the Company and I am confident that the Company will be able to continue to efficiently deploy both the funds raised under the Offer, as well as the monthly repayments received from the current portfolio.

Jamie Perkins
Chairman
22 March 2019

PROVEN LEGACY PLC

UNAUDITED CONDENSED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Note	Six months ended 31 December 2018 (unaudited) £	Six months ended 31 December 2017 (unaudited) £
Loan interest income		48,064	28,499
Fixed exit fee		20,531	-
Other income		23,875	-
Set-up costs	11	(25,000)	50,000
Administrative expenses		(34,993)	(35,084)
Operating profit		32,477	43,415
Interest income		69	123
Bank charges		(274)	(229)
Profit on ordinary activities before taxation		32,272	43,309
Taxation		(9,730)	-
Profit on ordinary activities after taxation		22,542	43,309

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 9 to 13 form part of these financial statements.

PROVEN LEGACY PLC

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018**

		As at 31 December 2018 (unaudited)	As at 30 June 2018 (audited)
	Note	£	£
Fixed Assets			
Loans	10	1,095,208	1,435,418
Current assets			
Debtors		6,718	11,368
Cash at bank and in hand		1,252,743	358,938
Creditors – amounts falling due within one year		(94,524)	(71,641)
Net current assets		1,164,937	298,665
Total assets less current liabilities		2,260,145	1,734,083
Capital and reserves			
Called up share capital	9	20,092	17,315
Share premium		1,991,097	1,714,354
Unallotted share capital		224,000	-
Revenue reserves		24,956	2,414
Total equity shareholders' funds		2,260,145	1,734,083
Net Asset Value per Redeemable Growth Share		101.4p	100.2p
Net Asset Value per Redeemable Income Share		101.4p	100.2p

Jamie Perkins
Chairman
ProVen Legacy plc
Company number: 10024220

22 March 2019

The notes set out on pages 9 to 13 form part of these financial statements.

PROVEN LEGACY PLC

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018**

	Called up share capital	Share premium	Unallotted share capital	Revenue reserve	Total
Six months to 31 December 2018 (unaudited)	£	£	£	£	£
At 1 July 2018	17,315	1,714,354	-	2,414	1,734,083
Issue of new shares in the period	3,477	358,283	224,000	-	585,760
Share issue costs	-	(12,800)	-	-	(12,800)
Share redemption	(700)	(68,740)	-	-	(69,440)
Total comprehensive profit	-	-	-	22,542	22,542
At 31 December 2018	20,092	1,991,097	224,000	24,956	2,260,145

	Called up share capital	Share premium	Unallotted share capital	Revenue reserve	Total
Six months to 31 December 2017 (unaudited)	£	£	£	£	£
At 1 July 2017	9,495	939,757	-	(91,392)	857,860
Issue of new shares in the period	2,537	257,463	-	-	260,000
Share issue costs	-	(6,250)	-	-	(6,250)
Redemption of shares	-	-	-	-	-
Total comprehensive profit	-	-	-	43,309	43,309
At 31 December 2017	12,032	1,190,970	-	(48,083)	1,154,919

The notes set out on pages 9 to 13 form part of these financial statements.

PROVEN LEGACY PLC

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

	Six months ended 31 December 2018 (unaudited)	Six months Ended 31 December 2017 (unaudited)
	£	£
Profit on ordinary activities after taxation	22,542	43,309
Loans advanced	(750,000)	(250,000)
Capital repayments received	1,090,210	135,601
Decrease in debtors	4,650	2,265
Increase in creditors	22,883	27,167
Net cash from/(used in) operating activities	390,285	(41,658)
Cash flows from investing activities	-	-
Cash flows from financing activities		
Proceeds from share issue	585,760	260,000
Share issue costs	(12,800)	(6,250)
Shares redeemed	(69,440)	-
Net cash from financing	503,520	253,750
Increase in cash and cash equivalents	893,805	212,092
Cash at beginning of period	358,938	189,485
Net cash inflow for the period	893,805	212,092
Cash at end of period	1,252,743	401,577

Included in profit on ordinary activities after taxation for the six-month period was bank interest received of £69 (31 December 2017: £123).

The notes set out on pages 9 to 13 form part of these financial statements.

PROVEN LEGACY PLC
NOTES TO THE HALF-YEARLY REPORT (UNAUDITED)

1) Accounting policies

The Company has prepared its financial statements under Financial Reporting Standard 102 (“FRS102”).

The following accounting policies have been applied consistently throughout the period. Further details of principal accounting policies were disclosed in the Annual Report and Accounts for the year to 30 June 2018.

Income

Interest receivable on loans is recognised on an accruals basis.

Expenses

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

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, less any allowance for impairment. Loans are derecognised when the contractual rights to cash flows expire or have been settled.

Cash at bank and in hand

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

Capital and reserves

Capital and reserves for the Company represent the following:

Share capital – the nominal value of shares issued, increased for subsequent share issues or reduced due to shares bought back by the Company for cancellation.

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 accounts, 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.

- 2) All revenue and capital items in the Unaudited Condensed Income Statement derive from continuing operations.
- 3) There are no other items of comprehensive income other than those disclosed in the Unaudited Condensed Income Statement.
- 4) The Company has only one operating segment as reported to the Board of Directors in their capacity as chief operating decision makers and derives its income from loans arranged with a variety of small

PROVEN LEGACY PLC
NOTES TO THE HALF-YEARLY REPORT (UNAUDITED)

and medium sized UK private companies.

- 5) The comparative figures are in respect of the year ended 30 June 2018 and the six-month period ended 31 December 2017.
- 6) Basic and diluted return per share for the period has been calculated on 1,945,077 shares, being the weighted average number of shares in issue during the period.
- 7) Basic and diluted NAV per share for the period has been calculated on 2,008,944 shares, being the number of shares in issue at the period end.

8) Contingencies, Guarantees and Financial Commitments

At 31 December 2018, the Company had no contingent liabilities, guarantees and financial commitments.

9) Share capital

	(unaudited)		(audited)	
	31 December 2018		30 June 2018	
	Number	Amount £	Number	Amount £
Ordinary Shares of £1 each	2	2	2	2
Redeemable Growth Shares of £0.01 each	1,798,944	17,990	1,451,230	14,513
Redeemable Income Shares of £0.01 each	210,000	2,100	280,000	2,800
Total		<u>20,092</u>		<u>17,315</u>

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 2018	1,451,230	14,513	280,000	2,800	2	2
Issued in the period	347,714	3,477	-	-	-	-
Redeemed in the period	-	-	(70,000)	(700)	-	-
As at 31 December 2018	<u>1,798,944</u>	<u>17,990</u>	<u>210,000</u>	<u>2,100</u>	<u>2</u>	<u>2</u>

During the period, 347,714 Redeemable Growth Shares were issued at an average price of 104p per Redeemable Growth Share, with an aggregate consideration of £361,760 which excluded share issue costs of £12,800.

Under the terms of the Offer for Subscription dated 3 June 2016 ("2016 Offer"), the Offer for Subscription dated 7 August 2017 ("2017 Offer") and the Offer for Subscription dated 21 August 2018 ("2018 Offer"), Shareholders have the ability to redeem shares in accordance with the terms and conditions set out in the 2016 Offer, 2017 Offer and 2018 Offer. During the period, 70,000 Redeemable Income Shares were

PROVEN LEGACY PLC
NOTES TO THE HALF-YEARLY REPORT (UNAUDITED)

redeemed at an average price of £0.99 per Redeemable Income Share. This represented 25% of the Redeemable Income Shares at the start of the year.

10) Loans

Six months to 31 December 2018

<i>Debt instruments measured at amortised cost</i>	£
Loans at 1 July 2018	1,435,418
Loans advanced	750,000
Capital repayments	<u>(1,090,210)</u>
Loans at 31 December 2018	<u>1,095,208</u>

Year to 30 June 2018

<i>Debt instruments measured at amortised cost</i>	£
Loans at 1 July 2017	696,462
Loans advanced	1,250,000
Capital repayments	<u>(511,044)</u>
Loans at 30 June 2018	<u>1,435,418</u>

11) Controlling Party and related party transactions

In the opinion of the Directors, there is no immediate or ultimate controlling party.

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 period from 1 July 2018 to 31 December 2018, fees payable to Beringea LLP in its capacity as Administration Manager amounted to £12,000. A total of £18,000 remained outstanding at 31 December 2018 in respect of administration fees.

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 will become repayable to Beringea LLP if and when the Company's revenue reserves reach £100,000. At 31 December 2018, based on the level of revenue reserves prior to a provision, a provision of £25,000 has been made in respect of the repayment of these set up costs to Beringea LLP.

No fees were paid to Beringea LLP in its capacity as Lending Adviser.

Beringea LLP also acted as promoter for the offer for subscription dated 7 August 2017 and the offer for subscription dated 21 August 2018. The promoter's fees in the period amount to £12,800 out of which Beringea LLP paid certain costs of the offer as well as initial commissions.

- 12)** The unaudited financial statements set out herein have not been subject to review by the auditor and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The figures for the period ended 30 June 2018 have been extracted from the financial statements for that period, which have been delivered to the Registrar of Companies; the Auditor's report on those

PROVEN LEGACY PLC
NOTES TO THE HALF-YEARLY REPORT (UNAUDITED)

financial statements was unqualified.

13) The Directors confirm that, to the best of their knowledge, the half-yearly financial statements have been prepared in accordance with Financial Reporting Standard 104 issued by the Financial Reporting Council.

14) Principal risks

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 both Standard and Poor's and Fitch, 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.

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

Cash and cash equivalents	£ 1,252,743
Loans	1,095,208
	<u>2,347,951</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

PROVEN LEGACY PLC
NOTES TO THE HALF-YEARLY REPORT (UNAUDITED)

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 31 December 2018, 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	482,574	-	(9,730)
Receivable/(due) within 1 year	612,634	1,252,743	(84,794)
Total	1,095,208	1,252,743	(94,524)

15) 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. Thus they adopt the going concern basis of accounting in preparing the financial statements.

16) Post balance sheet events

After the period and up to the date of this report, a further £110,000 was raised and a total of £334,000 was allotted on 15 February 2019.

PROVEN LEGACY PLC COMPANY INFORMATION

Company Number

10024220

Directors

Jamie Perkins (Chairman)
Robin Chamberlayne
Malcolm Moss
all of
39 Earlham Street
London WC2H 9LT

Company Secretary

Beringea LLP
39 Earlham Street
London WC2H 9LT
Tel: 020 7845 7820

Registered office and business address

39 Earlham Street
London WC2H 9LT
Tel: 020 7845 7820

Lending Adviser

Beringea LLP
39 Earlham Street
London WC2H 9LT
Tel: 020 7845 7820

Administration Manager

Beringea LLP
39 Earlham Street
London WC2H 9LT
Tel: 020 7845 7820

BPR Tax Advisers

Philip Hare & Associates LLP
4-6 Staple Inn,
High Holborn,
London WC1V 7QH

Solicitors to the Company

Harrison Clark Rickerbys Limited
Ellenborough House
Wellington Street
Cheltenham
Gloucestershire GL50 1YD

Registrars

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Auditor to the Company

BDO LLP
55 Baker Street
London
W1U 7EU

Banker to the Company

Royal Bank of Scotland
London Victoria Branch
119/121 Victoria Street
London SW1E 6RA