

**Octagonal plc**

**Company Registration No. 06214926**



**Annual Report and Financial Statements**

**31 March 2018**

## CONTENTS

### Page

1	Company information
2	Chairman's statement
5	Strategic report
8	Directors' report
12	Statement of Directors' responsibilities
13	Report of the independent auditor
16	Group income statement
17	Group and Company statements of financial position
18	Group statement of changes in equity
19	Company statement of changes in equity
20	Group and Company statements of cash flows
21	Notes forming part of the Group financial statements
42	Appendix - 2016 UK Corporate Governance Code

## COMPANY INFORMATION

DIRECTORS:	John Gunn (Executive Chairman ) Samantha Esqulant (Chief Executive Officer) Nilesh Jagatia (Chief Financaill Officer) Anthony Binnie (Non-Executive)
SECRETARY:	Nilesh Jagatia
REGISTERED OFFICE:	2 <sup>nd</sup> Floor 2 London Wall Buildings London EC2M 5PP
COMPANY REGISTRATION NUMBER:	06214926 (England and Wales)
REGISTRAR AND TRANSFER OFFICE:	<b>Share Registrars Limited</b> The Courtyard 17 West Street Farnham Surrey GU9 7DR
SOLICITORS:	<b>Hill Dickinson LLP</b> The Broadgate Tower 20 Primrose Street London EC2A 2EW
INDEPENDENT AUDITORS:	<b>Welbeck Associates</b> Registered Auditors Chartered Accountants 30 Percy Street London W1T 2DB
NOMINATED ADVISER AND BROKER:	<b>Beaumont Cornish Limited</b> 10th Floor 30 Crown Place London EC2A 4EB
BANKERS:	<b>Lloyds Bank plc</b> 2nd Floor 39 Threadneedle Street London EC2R 8AU

## CHAIRMAN'S STATEMENT

### YEAR TO 31 March 2018

I am pleased to present the annual report and accounts for the year ended 31 March 2018.

It has been another progressive year for Octagonal Plc ("Octagonal" or the "Company" or ("OCT")) incorporating its wholly owned subsidiary Global Investment Strategy UK Ltd ("GIS") and majority owned subsidiary Synergis Capital Plc ("Synergis" or "SYN"). GIS has again exceeded both prior year revenues and profits. This performance is a testament to the quality of the business, the focus and dedication of management and the wider team.

Some of the key highlights for the Group during the year:

- Declared and paid a dividend of 0.1pence per share, totalling £567,225
- The Group traded significantly above 2017 - Revenue up 16.1% to £6.5m (2017: £5.6m)
- Operating margin decreased to 24.4% (2017: 34.4%) due to £872,000 consolidated Synergis administration costs which do not impact retained cash to the same extent as Synergis, as it was majority funded by third party shareholders during the year and further £228,000 share based payment costs in relation to shares and options issued during the period. .
- Increased pre-tax profits by 15.5% to £1.5m (2017: £1.3m)
- Cash balance £5.3m (2017: £3.8m)

### Business overview

Our business's core focus is on providing global settlement and safe custody services to investors worldwide, priding ourselves on customer satisfaction through personalised service delivered by experienced industry individuals. Additionally the business looks to leverage off its operational capabilities to increase its product offerings and services to new and existing clients.

Our business model has maintained its focus on driving profitability and longer-term shareholder value through several key areas:

- (i) growing revenues organically through seeking new clients and identifying and implementing new services to existing and new clients,
- (ii) improving margins through investing in technology, creating efficiencies and a drive to reduce frictional costs etc. This focus is continuing to bear fruit with revenue improvements and margin gains, and expanding GIS's FCA regulatory permissions to enhance group revenues and profitability through developing new business lines.

### Financial review

For the year ending 31 March 2018 the Group has delivered improved results from 2017 and overall the Group has achieved an increase of 16.1% in revenue to £6.5 million (2017: £5.6 million). There was a 17.5% decrease in operating profit to £1.6m (2017: £1.9m), due to consolidating Synergis administration costs totalling £872,000 for the period and an additional £228,000 charge in relation to share based payments for a share bonus and options issued during the year.

Profit before taxation was £1.5m (2017: £1.3m) and included an exceptional impairment charge of £75,000 (2017: £613,000) against two of GIS's pre-RTO non-core legacy investments.

Gross margins showed an increase to 75% (2017: 72%) with operating margin decreasing to 24.4% (2017: 34.4%) due to the additional Synergis and share based charges mentioned above. Operating costs attributable to just Octagonal PLC amounted to £437,000 (£209,000 administration costs and £228,000 share based payments) (2017: 173,000).

Synergis Capital PLC contributed negatively £872,000 to group earnings before taxation though this had no impact on cash reserves, as it was more than covered by third party investment in this enterprise.

## **CHAIRMAN'S STATEMENT (continued)**

### **YEAR TO 31 March 2018**

Despite payment of a dividend to shareholders totalling £567,225, cash reserves increased by 39.6% to £5.3m (2017: £3.8m).

This has clearly demonstrated the Group's ability to be cash generative and profitable in the current challenging environment and positions the Group to grow and improve margins and profitability as markets return, we hope, to traditional patterns post recent global political events.

At the year end the Group had cash balances of £5.3m (2017: £3.8m), which represent more than adequate cash reserves for our current operations with Net Assets of £8.4 million (2017: £6.6 million). GIS generates the majority of its income in USD, with costs divided between Euro, principally for banking costs, and GBP for overheads.

As mentioned previously we do not envisage that the long term implications of BREXIT will have a material impact on our business as our strong USD income is mostly derived outside the EU.

We remain very optimistic that the measures we have put in place will see this business grow further this year and increase profitability.

## **Future Developments**

### **Global Investment Strategy UK (GIS)**

The business has continued to see growth in both revenues and new client generation over this period. GIS remains focused on growing the core settlement and safe custody business organically and diversifying into new areas that will improve our customers' experience, but also generate long term value for shareholders, whilst improving efficiencies and driving cost savings through the continued implementation of fintech functionality. We have seen good improvements in headline sales this year from core activities including a significant contribution from corporate finance activities, which the board are aware can be less consistent than other income streams.

The management and team have been working extremely hard on the development of the new enterprises SynerGIS and GIS Hong Kong which we believe will add significant value to the group and we have further commented on them below.

This is a pivotal time in the business and the board remain very optimistic that the work to date will translate into rewarding value for all shareholders.

### **SynerGIS**

The company appears to have now completed all material elements for the preparation of the prospectus (for the base programme for debt securities) with the CBI (the Central Bank of Ireland) and Euronext Dublin (Irish Stock Exchange).

Prior to approval and publication of the prospectus, GIS has been working with the Prudential specialists at the FCA to satisfy that the lending business will maintain enough capital and liquidity to support the lending business. The company is currently working with Jaywing PLC, who specialise in risk and regulation. It is believed together the company and its advisors have developed a robust financial model considering various stress scenarios that have been raised by the FCA during relevant regulatory discussions. Until the discussions with the FCA have been finalised, the prospectus will not be submitted for approval and publication. The board of the company is optimistic that these discussions will be concluded shortly, and we can commence operations.

Regarding operating aspects of the company, GIS has been appointed as marketing agent for the company. GIS has a fully developed website for the proposed sales of the bonds once they are approved by the CBI and Euronext Dublin, with streamlined payment solutions, account reconciliation and CRM. GIS has been undertaking initial "soft" advertising for approximately 6 months with close to 2000 visitors per week. A complete sales and marketing plan has been prepared and is now part of the overall financial model (engine) created with Jaywing PLC. GIS has further developed a lending website and online application for prospective borrowers

The systems developed directly interface into the internal ledger and produce both real time and projected liquidity reporting.

**CHAIRMAN'S STATEMENT (continued)**  
**YEAR TO 31 March 2018**

**GIS (FS) HK**

The Securities and futures Commission (SFC) have advised the company that the application to carry out regulated activities has been accepted as complete. We have experienced further delays resulting from a key employee, licenced person and responsible officer (RO), resigning due to an alternative employment offer. The company has found an excellent replacement with significant industry experience in the region, who is currently being reviewed by the SFC.

GIS (FS) HK have additionally opened corporate bank accounts in the region and have applied for work visas for key personnel.

We remain optimistic we can conclude the regulatory process shortly, thereafter we will initiate a product offering in the region.

The website is currently under construction and a client facing portal is being designed for both English and Chinese speakers.

Finally, I would like to thank the Board and the team who have worked exceptionally well in delivering these results and strengthening the business to deliver greater returns for shareholders in the year ahead.

We will accompany these results with notice of the Annual General Meeting, where the Board will be seeking shareholders' approval to increase the authorised share capital and a waiver of shareholders pre-emption rights. This plan is part of our contingency funding plan, which will provide the business with access to capital should it be required. The board do not anticipate using this facility in the ordinary course of business as it remains focused on growth without the need for further capital injections from shareholders.

The board are also pleased to announce a maintained dividend of 0.1 pence per share and will consider increasing this once the new business initiatives are implemented and core activities continue to grow in line with expectations.

John Gunn

Chairman

28 September 2018

## STRATEGIC REPORT YEAR TO 31 March 2018

The Directors present their strategic report for the Group for the year ended 31 March 2018.

### PRINCIPAL ACTIVITIES

The principal activity of Octagonal is as a Financial Services group through its subsidiary Global Investment Strategy UK Ltd (“GIS”) which provides global settlement and safe custody services to investors, hedge funds, institutions, family offices and high net worth individuals, along with other ancillary services. GIS is the trading entity of the Group, authorised and regulated by the Financial Conduct Authority, and is a member of The London Stock Exchange.

During the year the Group submitted an application for regulatory approval in Hong Kong and proceeded with the development of its majority owned subsidiary company, Synergis Capital plc, which it is intended will provide commercial asset backed lending, financed by an investment bond which will be issued in tranches and distributed by GIS.

### RESULTS AND DIVIDENDS

Group revenue from continuing operations during the year was £6.5 million (2017: £5.6 million) resulting in a pre-tax profit of £1,517,000 (2017: £1,313,000) a 16% increase in revenue and pre-tax profit. Attributable profit for the year after tax was £1,025,000 (2017: £1,002,000).

The Directors propose a dividend of £567,225 (2017: £567,225). The dividend will be paid in one amount, representing 0.1 pence per Ordinary Share, to shareholders on the register as at 12 October 2018 and will be paid on 26 October 2018.

### KEY PERFORMANCE INDICATORS

The Group seeks to grow both the top and bottom lines through organic growth, the development of new business lines, cost controls and financial conservatism. These factors will enable it to improve margins and seek higher margin revenues, while offering competitive rates to its clients.

The key performance indicators are set out below.

GROUP STATISTICS	2018	2017	Change %
Turnover	£6,502,000	£5,596,000	+16.1%
Profit before tax	£1,517,000	£1,313,000	+15.5%
Gross margin	75.0%	72.0%	+4.2%
Operating profit margin	24.5%	34.4%	-28.8%

### KEY RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

The Group is exposed to a number of business risks. The risk appetite of the Group is determined by the Board.

The Group has identified the following as the key risks and their mitigation:

#### MARKET RISK

The Group has limited market risk in respect of its trading as agent in equities and debt instruments as its services are principally settlement and custody, which do not have market risk. Our execution services are minimal and are only carried out under strict criteria. The Group does have counterparty risk, but we do not see this as significant given the high level of regulation in our industry. Market exposure arising from unsettled trades is closely monitored and managed during each trading day. Market risk also gives rise to variations in asset values and thus management fees, and variations in the value of investments held by GIS.

#### STOCK MARKET CONDITIONS

The Group’s business is highly dependent on stock market conditions, especially volumes of equities and other financial products traded. Adverse market conditions resulting in reducing volumes of trading may have a significant negative effect on revenues and profitability.

## STRATEGIC REPORT

YEAR TO 31 March 2018 (continued)

### KEY RISKS AND UNCERTAINTIES AND RISK MANAGEMENT (continued)

#### CURRENCY RISK

A large proportion of the Group's income and expenses are incurred in foreign currency, particularly US Dollar. As a result, fluctuations in currency exchange rates could have an adverse effect on the financial condition, results of operation or cash flow of the Group.

#### OPERATIONAL RISK

There is a range of operational risks to which the Group is exposed, including reputational risks and the Group seeks to mitigate operational risk to acceptable residual levels, in accordance with its risk appetite policy, by maintenance of its control environment, which is managed through the Group's operational risk management framework. The Group's controls include appropriate segregation of duties and supervision of employees; ensuring the suitability and capability of the employees; relevant training programmes that enable employees to attain and maintain competence, and identifying risks that arise from inadequacies or failures in processes and systems.

The Group has a business continuity and disaster recovery plan which provides, inter alia, back-up premises and back-office systems, and which is regularly reviewed.

#### LOSS OF STAFF

Staff are a key asset in the business and retaining the services of key staff is essential to ongoing revenue generation and development of the business.

#### CHANGES IN REGULATION OR LEGISLATION

The regulatory regime applicable to companies such as Octagonal, and more specifically its trading subsidiary, GIS, is under regular review and future changes made by a regulatory body could impose a greater burden on the Group with consequential additional costs. As GIS is a regulated business, it relies on continuing to be authorised under the Financial Conduct Authority ("FCA") to be able to undertake certain roles and operations.

The Group's business is subject to substantial regulation both in the UK, US and other jurisdictions. Adverse regulatory developments could have a material, adverse effect on the Group's operating results, financial condition and prospects.

The Group conducts its businesses subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies, voluntary codes of practice and interpretations in the UK and the other markets where it operates. Future changes in regulation, fiscal or other policies are unpredictable and beyond the control of the Directors and could materially adversely affect the Group's business.

Areas where changes could have an adverse impact include, but are not limited to:

- other general changes in regulatory requirements, such as prudential rules relating to the capital adequacy or liquidity frameworks;
- further developments in the financial reporting, corporate governance, conduct of business and employee compensation; and
- other unfavourable political, military or diplomatic developments producing social instability or legal uncertainty which, in turn, may affect demand for the Group's products and services.

#### INFLUENCE OF CONTROLLING SHAREHOLDER

John Gunn has an interest in approximately 53.16 per cent. of the Company's issued share capital. Accordingly he is in a position to exert significant influence over the Company, its strategy, directors and operations. In order to partially mitigate this risk the Company and John Gunn have agreed a Relationship Agreement governing his behaviour as the majority shareholder in the Company.



**STRATEGIC REPORT**  
YEAR TO 31 March 2018 (continued)

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

**GOING CONCERN**

The Directors have a reasonable expectation that the Group has adequate resources to continue in operation or existence for the foreseeable future thus we continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 4 of the financial statements.

Samantha Esqulant  
**Director**

28 September 2018

## DIRECTORS' REPORT

### YEAR TO 31 March 2018

The Directors present their annual report and the audited financial statements of the Group for the year ended 31 March 2018.

## PRINCIPAL ACTIVITY AND BUSINESS REVIEW

This information is now included within the Strategic Report above, as part of the 'Review of the Business' under the Amendment to the Companies Act 2006 of s.414c(2a).

## DIRECTORS

The Board comprised the following directors who served throughout the year and up to the date of this report save where disclosed otherwise:

Name	Position
John Gunn	Executive Chairman
Samantha Esqulant	Chief Executive Officer
Nilesh Jagatia	Chief Financial Officer / Secretary
Anthony Binnie	Non-Executive Director (appointed 28 March 2018)
Grant Roberts	(resigned 7 June 2017)
Martin Davison	(resigned 15 January 2018)

The Group has qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

## DIRECTORS' INTERESTS

The Directors' interests in the share capital of the Company at 31 March 2018, held either directly or through related parties, were as follows:

Name of director	Number of ordinary shares	% of ordinary share capital and Voting Rights
John Gunn	300,544,931	53.0%

On 11 Jun 2018, John Gunn purchased an additional 500,000 ordinary shares and on the same date gifted 2,000,000 ordinary shares to his adult daughter, thus reducing his holding to 299,044,931 shares representing 52.7% of the Company's issued share capital.

Details of the Directors' share options are shown below:

Name of Director	Number outstanding at 31 March 2018	Exercise price	Vesting date	Expiry Date
OPTIONS:				
J Gunn	5,250,000	3p	Various	6.09.2021
S Esqulant	3,750,000	3p	Various	6.09.2021
N Jagatia	3,000,000	3p	Various	6.09.2021
	12,000,000			

## DONATIONS

The Group made charitable donations during the year of £9,000 (2017: £6,000).

## DIRECTORS' REPORT

YEAR TO 31 March 2018 (continued)

### EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the Group. This is achieved through formal and informal meetings. Equal opportunity is given to all employees regardless of their sex, age, colour, race, religion or ethnic origin.

### SIGNIFICANT SHAREHOLDINGS

On 25 September 2018 the following were interested in 3 per cent. or more of the Company's share capital (including Directors, whose interests are also shown above):

Name of shareholder	Number of ordinary shares	% of ordinary share capital and voting rights
John Gunn	299,044,931	52.7%
Roger Barby	52,500,436	9.4%
Interactive Investors Services Nominees Limited	21,620,759	3.8%
Vidacos Nominees Limited	17,571,212	3.1%

### POST YEAR END EVENTS

There have been no material post year end events.

### DISCLOSURE OF INFORMATION TO THE AUDITORS

In the case of each of the persons who are directors of the Company at the date when this report is approved:

- So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- Each of the directors has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the auditors are aware of the information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

### AUDITOR

Welbeck Associates have expressed their willingness to continue in office as auditor and it is expected that a resolution to reappoint them will be proposed at the next annual general meeting.

### CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance while taking into account the Group's size and stage of development.

With effect from 28 September 2018 new corporate governance regulations apply to all AIM quoted companies and require the Company to:

- provide details of a recognised corporate governance code that the board of directors has decided to apply
- explain how the Company complies with that code, and where it departs from its chosen corporate governance code provide an explanation of the reasons for doing so.

The corporate governance disclosures need to be reviewed annually, and the company will also need to state the date on which these disclosures were last reviewed. The full Corporate Governance code adopted by the Company is in the Appendix at the end of this Report.

The Board meets regularly and is responsible for formulating, reviewing and approving the Group's strategy, budgets, performance, major capital expenditure and corporate actions.

## **DIRECTORS' REPORT**

YEAR TO 31 March 2018 (continued)

### **BOARD OF DIRECTORS**

The Company supports the concept of an effective Board leading and controlling the Company. The Board of Directors is responsible for approving Company policy and strategy. It meets regularly and has a schedule of matters specifically reserved to it for decision. All Directors have access to advice from independent professionals at the Company's expense. Training is available for new and existing Directors as necessary.

Matters which would normally be referred to other than the appointed committees are dealt with by the Board as a whole.

### **AUDIT COMMITTEE**

The Audit Committee is chaired by Anthony Binnie and its other member is Samantha Esqulant the Chief Executive Director. It is expected that they will be joined by the second independent Non-Executive Director following their appointment. The Audit Committee acts independently to ensure that the interests of the Company and its Group are properly protected in relation to financial reporting and internal controls.

The directors have established the Audit Committee to ensure that appropriate financial reporting procedures are properly monitored, controlled and reported on at a minimum by IFRS approved foreign exchange accounting policies, and rules governed by the FCA and AIM employing general accepted account practices.

The Audit Committee provides a forum for reporting by the Group's external auditors. The Committee is also responsible for reviewing a wide range of matters, including half-year and annual results before their submission to the Board, and for monitoring the controls that are in force to ensure the integrity of information reported to shareholders. The Audit Committee will advise the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and will discuss the nature, scope and results of the audit with the external auditors. The Committee will keep under review the cost effectiveness and the independence and objectivity of the external auditors.

The Audit Committee meets not less than twice in each financial year.

### **REMUNERATION COMMITTEE**

The Remuneration Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost. The Remuneration Committee also determines and reviews the performance and the terms of service of the directors, including salary, incentives and benefits, and makes recommendations to the Board. The Board itself determines the remuneration of the Executive Directors.

The Remuneration Committee comprises of the Chief Executive Director Samantha Esqulant and is chaired by the Independent Non-Executive Director Anthony Binnie. It is expected that they will be joined by the second independent Non-Executive Director following their appointment. The Committee meets as often as it deems necessary and at least annually to discharge its responsibilities and to support good decision making by the Board

### **COMMUNICATIONS WITH SHAREHOLDERS**

Communications with shareholders are given a high priority by the management. In addition to the publication of an annual report and an interim report, there is regular dialogue with shareholders and analysts. The Annual General Meeting is viewed as a forum for communicating with shareholders, particularly private investors. Shareholders may question the Managing Director and other members of the Board at the Annual General Meeting.

**DIRECTORS' REPORT**  
YEAR TO 31 March 2018 (continued)

**INTERNAL CONTROL**

The Directors acknowledge they are responsible for the Group's system of internal control and for reviewing the effectiveness of these systems. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of the Group failing to achieve its strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss. The Group has well established procedures which are considered adequate given the size of the business.

**AUDITORS**

The Board as a whole considers the appointment of external auditors, including their independence, specifically including the nature and scope of non-audit services provided.

**REMUNERATION**

The remuneration of the directors has been fixed by the Board as a whole. The Board seeks to provide appropriate reward for the skill and time commitment required so as to retain the right calibre of director at a cost to the Company which reflects current market rates.

Details of directors' fees and of payments made for professional services rendered are set out in Note 9 to the financial statements and details of the directors' share options are set out in the Directors' Report.

**By order of the Board on 28 September 2018**

**Samantha Esqualant**  
Director

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have also elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

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

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

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

**John Gunn**

Executive Chairman

28 September 2018

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OCTAGONAL PLC

### Opinion

We have audited the financial statements of Octagonal Plc (the 'Company') and its subsidiaries (the "Group") for the year ended 31 March 2018 which comprise the Group income statement, the Group and Parent Company statements of changes in equity, the Group and Parent Company statements of financial position, the Group and Parent Company statements of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

Our opinion is not modified in this respect.

### Key audit matters

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

#### Key audit matter

#### How we addressed it

##### Accounting Estimates

We are required to assess whether accounting estimates are prepared on a reasonable and consistent basis and are disclosed adequately in the financial statements.

We have considered the basis of the accounting estimates applied when preparing the financial statements and considered the responses to audit questions with professional scepticism.

##### Related Parties

We are required to consider if the disclosures made in the financial statements are complete and accurate and consider whether the processes for identifying related parties and related party transactions are appropriate.

We have assessed the Company's procedures for identifying related parties and ensuring the completeness of the disclosures that are included in the audit planning pack.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OCTAGONAL PLC (continued)

### Key audit matter

### How we addressed it

#### Management override

We are required to consider how management biases could affect the results of the company.

We have considered the controls in place, remained alert for material and unusual items and tested a sample of journals to assess the risk.

#### Revenue

Revenue is the most significant item in the income statement and impacts a number of management's key performance and strategic indicators.

There is a risk of incorrect revenue recognition, arising from:

- Recognition of revenue without entitlement to that revenue; and
- Revenue is not recognised in accordance with IFRSs as adopted by the European Union.

We therefore identified revenue recognition as a significant risk, which was one of the most significant assessed risks of material misstatement

Assessing these in accordance with IAS 18 "Revenue";

Selecting a sample of transactions recognised in revenue during the year and recalculating the revenue recognised by reference to underlying contracts and invoices.

### **Our application of materiality**

Materiality for the Group financial statements as a whole was set at £278,000 (2017: £108,000).

This has been calculated as 3% of the benchmark of gross assets (2017: 3% of net assets), which we have determined, in our professional judgment, to be one of the principal benchmarks within the financial statements relevant to members of the Company in assessing financial performance of the Group.

Materiality for the parent company financial statements was set at £277,000 (2017: £108,000), determined with reference to a benchmark of gross assets of £9.23m, of which it represents 3% (2017: 3% of net assets).

We report to the Director all corrected and uncorrected misstatements we identified through our audit with a value in excess of £13,900 (2017: £5,380), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

### **An overview of the scope of our audit**

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

We consider management override and related parties to be qualitatively material. Although it is not the responsibility of the auditor to discover fraud, clearly any instances of fraud which we detect are material to the users of the financial statements. We have tested manual and automated journal entries, with a focus on those journal entries at year end. In addition, as part of our audit procedures to address this fraud risk, we assessed the overall control environment and reviewed whether there had been any reported actual or alleged instances of fraudulent activity during the year. For Related Parties, we have inquired with the client as the relevant related parties. We have also assessed the Company's procedures regarding related parties.

### **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.

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.



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OCTAGONAL PLC (continued)

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Jonathan Bradley-Hoare** (Senior statutory auditor)  
for and on behalf of Welbeck Associates  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

28 September 2018

## GROUP INCOME STATEMENT

YEAR TO 31 MARCH 2018

	Notes	2018 £'000	2017 £'000
Revenue	6	6,502	5,596
Cost of sales		(1,466)	(1,617)
<b>Gross profit</b>		<b>5,036</b>	<b>3,979</b>
Administrative expenses		(3,220)	(2,053)
Share based payment expense		(228)	-
<b>Operating profit</b>	7	<b>1,588</b>	<b>1,926</b>
Other gains and losses	10	(71)	(613)
Finance income		-	-
Finance costs		-	-
<b>Profit before tax</b>		<b>1,517</b>	<b>1,313</b>
Tax	11	(492)	(311)
<b>Profit for the year</b>		<b>1,025</b>	<b>1,002</b>
Attributable to:			
Shareholders in the parent company		1,276	1,035
Non-controlling interests		(251)	(33)
		<b>1,025</b>	<b>1,002</b>
<b>Earnings per share attributable to owners of the parent company from continuing operations</b>			
<b>Basic and diluted (pence per share)</b>	12		
Basic		0.226	0.185
Fully diluted		0.221	0.185

There are no recognised gains or losses in either period other than the profit for the year and therefore no statement of comprehensive income is presented.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company profit and loss account. The total comprehensive loss for the parent company for the year was £373,000 (2017: £139,000).

The accounting policies and notes are an integral part of these financial statements.

## GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	GROUP		COMPANY	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
<b>Non-Current assets</b>					
Goodwill	13	2,869	2,869	-	-
Other intangible assets	14	409	50	-	-
Property, plant and equipment	15	60	62	-	-
Investment in subsidiaries	16	-	-	9,137	9,137
Deferred tax asset		66	65	-	-
		<b>3,404</b>	<b>3,046</b>	<b>9,137</b>	<b>9,137</b>
<b>Current assets</b>					
Investments held at fair value through profit and loss	17	31	126	-	-
Trade and other receivables	18	521	327	152	73
Cash and cash equivalents	19	5,324	3,813	-	-
		<b>5,876</b>	<b>4,266</b>	<b>152</b>	<b>73</b>
<b>Current liabilities</b>					
Trade and other payables	20	285	286	1,220	474
Current tax liabilities		582	389	-	-
		<b>867</b>	<b>675</b>	<b>1,220</b>	<b>474</b>
<b>Net assets</b>		<b>8,413</b>	<b>6,637</b>	<b>8,069</b>	<b>8,736</b>
<b>Equity</b>					
Share capital	22	284	1,104	284	1,104
Share premium account	22	171	3,669	171	3,669
Reverse acquisition reserve		679	679	-	-
Merger reserve		-	-	6,555	6,555
Investment reserve		-	-	110	110
Share option and warrant reserve		99	-	99	-
Retained earnings		6,972	1,148	850	(2,702)
<b>Equity attributable to owners of the Company</b>		<b>8,205</b>	<b>6,600</b>	<b>8,069</b>	<b>8,736</b>
Non-controlling interests		208	37	-	-
<b>Total equity</b>		<b>8,413</b>	<b>6,637</b>	<b>8,069</b>	<b>8,736</b>

These financial statements were approved by the Board of Directors on 28 September 2018.

Signed on behalf of the Board by:

**Samantha Esquant**  
Director

Company number: 06214926

The accounting policies and notes are an integral part of these financial statements



## GROUP STATEMENT OF CHANGES IN EQUITY

YEAR TO 31 MARCH 2018

	Share capital £'000	Share Premium £'000	Reverse acquisition reserve £'000	Share option reserve £'000	Retained earnings £'000	Equity attributable to owners of the Company £'000	Non-controlling interests	Total equity £'000
<b>Balance at 1 April 2016</b>	<b>1,104</b>	<b>3,669</b>	<b>679</b>	-	<b>(67)</b>	<b>5,385</b>	-	<b>5,385</b>
Total comprehensive income for the year	-	-	-	-	1,035	1,035	(33)	<b>1,002</b>
Adjustment arising from change in non-controlling interest	-	-	-	-	180	180	70	<b>250</b>
<b>Balance at 31 March 2017</b>	<b>1,104</b>	<b>3,669</b>	<b>679</b>	-	<b>1,148</b>	<b>6,600</b>	<b>37</b>	<b>6,637</b>
Total comprehensive income for the year	-	-	-	-	1,276	1,276	(251)	<b>1,025</b>
Capital reduction	(824)	(3,669)	-	-	4,493	-	-	-
Dividend paid	-	-	-	-	(568)	(568)	-	<b>(568)</b>
Share issues	4	171	-	-	-	175	-	<b>175</b>
Share based payment expense	-	-	-	99	-	99	-	<b>99</b>
Adjustment arising from change in non-controlling interest	-	-	-	-	623	623	422	<b>1,045</b>
<b>Balance at 31 March 2018</b>	<b>284</b>	<b>171</b>	<b>679</b>	<b>99</b>	<b>6,972</b>	<b>8,205</b>	<b>208</b>	<b>8,413</b>

The accounting policies and notes are an integral part of these financial statements.

## COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR TO 31 MARCH 2018

	Share capital £'000	Share Premium £'000	Merger Reserve £'000	Investment reserve £'000	Share option and warrant reserve £'000	Retained earnings £'000	Total £'000
<b>Balance at 1 April 2016</b>	<b>1,104</b>	<b>3,669</b>	<b>6,555</b>	<b>110</b>	<b>-</b>	<b>(2,563)</b>	<b>8,875</b>
Total comprehensive expense for the year	-	-	-	-	-	(139)	(139)
<b>Balance at 31 March 2017</b>	<b>1,104</b>	<b>3,669</b>	<b>6,555</b>	<b>110</b>	<b>-</b>	<b>(2,702)</b>	<b>8,736</b>
Total comprehensive expense for the year	-	-	-	-	-	(373)	(373)
Capital reduction	(824)	(3,669)	-	-	-	4,493	-
Dividend paid	-	-	-	-	-	(568)	(568)
Share issues	4	171	-	-	-	-	175
Share based payment expense	-	-	-	-	99	-	99
<b>Balance at 31 March 2018</b>	<b>284</b>	<b>171</b>	<b>6,555</b>	<b>110</b>	<b>99</b>	<b>850</b>	<b>8,069</b>

The accounting policies and notes are an integral part of these financial statements.

## GROUP AND COMPANY STATEMENTS OF CASH FLOWS

YEAR TO 31 MARCH 2018

	GROUP		COMPANY	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
<b>OPERATING ACTIVITIES</b>				
Profit/(loss) for the year before taxation	1,517	1,313	(437)	(173)
Adjusted for:				
Depreciation	21	21	-	-
Share based payment expense	228	-	228	-
Shares issued in settlement of termination payment	46	-	46	-
Investment impairment	75	613	-	-
Gain on disposal of investments	(4)	-	-	-
Operating cash flows before movements in working capital	1,883	1,947	(163)	(173)
(Increase)/Decrease in trade and other receivables	(183)	167	(15)	73
(Decrease)/increase in trade and other payables	(1)	149	(29)	(24)
Net cash from / (used in) operations	1,699	2,263	(207)	(124)
Tax paid	(300)	(200)	-	-
Net cash from / (used in) operating activities	1,399	2,063	(207)	(124)
<b>INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(19)	(28)	-	-
Development costs	(359)	(50)	-	-
Purchase of investments	-	(50)	-	-
Disposal of investments	24	-	-	-
Loan to a related party	(11)	-	-	-
Related party repayment of loan	-	76	-	-
Net cash used in investing activities	(365)	(52)	-	-
<b>FINANCING ACTIVITIES</b>				
Non-controlling interest investment	1,045	250	-	-
Increase in interco loan	-	-	775	123
Dividend paid to Company's shareholders	(568)	-	(568)	-
Net cash from financing activities	477	250	207	123
Net increase/(decrease) in cash and cash equivalents	1,511	2,261	-	(1)
Cash and cash equivalents at beginning of year	3,813	1,552	-	1
Cash and cash equivalents at end of year	5,324	3,813	-	-

The accounting policies and notes are an integral part of these financial statements.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 1 GENERAL INFORMATION

The Company is incorporated and domiciled in England and Wales as a public limited company and operates from its registered office 2nd Floor 2 London Wall Buildings, London, England, EC2M 2SJ. Octagonal plc's shares are listed on the AIM of the London Stock Exchange. The Group's main activity is that of a financial services business offering a wide range of services to institutional, family office and high net worth clients.

### 2 STATEMENT OF COMPLIANCE

#### ADOPTION OF NEW AND REVISED STANDARDS

At the date of authorisation of these financial statements, The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the EU. The directors do not expect that the adoption of the Standards listed below will have a material impact on the financial statements of the Company in future periods.

IFRS 2	Amendments - Classification and measurement of share-based payments transactions
IFRS 4	Amendment - applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts"
IFRS 9	Financial instruments - incorporating requirements for classification and measurement, impairment, general hedge accounting and de-recognition.
IFRS 9	Amendment - Prepayment features with negative compensation
IFRS 10/ IAS 28	Amendments - Sale or contribution of assets between an investor and its associate or joint venture
IFRS 15	Revenue from contracts with customers, and the related clarifications
IFRS 16	Leases - recognition, measurement, presentation and disclosure
IFRS 17	Insurance contracts
IAS 40	Amendment - Transfers of investment property

---

### 3 ACCOUNTING POLICIES

The principal accounting policies adopted and applied in the preparation of the Group and Company Financial statements are set out below.

These have been consistently applied to all the years presented unless otherwise stated:

#### BASIS OF ACCOUNTING

The financial statements of Octagonal plc (the "Company") and its subsidiaries (the "Group") have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union ("EU") applied in accordance with the provisions of the Companies Act 2006.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the International Financial Standards Interpretations Committee ("IFRS IC") and there is an ongoing process of review and endorsement by the European Commission. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

In accordance with reverse acquisition accounting convention the comparative information for the group for 2015 relates to the business of GIS.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 3 ACCOUNTING POLICIES (continued)

#### GOING CONCERN

Any consideration of the foreseeable future involves making a judgement, at a particular point in time, about future events which are inherently uncertain. The ability of the Group to carry out its planned business objectives is dependent on its continuing ability to raise adequate financing from equity investors and/or the achievement of profitable operations.

Nevertheless, at the time of approving these Financial Statements and after making due enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Financial Statements.

#### BASIS OF CONSOLIDATION

The Group's consolidated financial statements incorporate the financial statements of Octagonal Plc (the "Company") and entities controlled by the Company (its subsidiaries). Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Company acquired Global Investment Strategy UK Limited on 30 June 2015 through both cash consideration and a share-for-share exchange. As the shareholders of GIS have control of the legal parent, Octagonal plc, the transaction has been accounted for as a reverse acquisition in accordance with IFRS 3 "Business Combinations".

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

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

#### BUSINESS COMBINATIONS

The acquisition of subsidiaries is accounted for using the acquisition method under IFRS 3. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities exceed the cost of the business combination, the excess is recognised immediately in the income statement.



## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 3 ACCOUNTING POLICIES (continued)

#### REVENUE RECOGNITION

The Group's Revenue includes commission income, corporate advisory fees and other ancillary fees.

Revenue is measured at the fair value of the consideration received or receivable.

Fees for advisory engagements for which the work is substantially complete or which are at a stage where work for which separate payment is due is substantially complete, and which will become due but are not yet invoiced are recorded on a right to consideration basis. Where such fees are contingent on the outcome of a transaction they are only accounted for after the transaction has completed.

Management fees and interest are credited to income in the period in which they relate.

#### FOREIGN CURRENCIES

At each year end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the year end date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

#### AVAILABLE FOR SALE INVESTMENTS

Available for sale ("AFS") financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions. Purchases and sales of AFS financial assets are recognised and derecognised on a trade date basis.

Investments are initially measured at fair value plus directly attributable incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IAS 39. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

Gains and losses on measurement are recognised in other comprehensive income except for impairment losses and foreign exchange gains and losses on monetary items denominated in a foreign currency, until the assets are derecognised, at which time the cumulative gains and losses previously recognised in other comprehensive income are recognised in the income statement.

The Group assesses at each year end date whether there is any objective evidence that a financial asset or group of financial assets classified as AFS has been impaired. An impairment loss is recognised if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. A significant or prolonged decline in the fair value of a security below its cost shall be considered in determining whether the asset is impaired.

When a decline in the fair value of a financial asset classified as AFS has been previously recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss is removed from other comprehensive income and recognised in the income statement. The loss is measured as the difference between the cost of the financial asset and its current fair value less any previous impairment.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 3 ACCOUNTING POLICIES (continued)

#### INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS

All investments determined upon initial recognition as held at Fair Value through Profit or Loss (“FVTPL”) were designated as investments held for trading. Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which comprises the proceeds of sale less any transaction cost. The fair value of the financial instruments in the balance sheet is based on the quoted bid price at the balance sheet date, with no deduction for any estimated future selling cost. Unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last price and net asset value. Changes in the fair value of investments held at FVTPL and gains and losses on disposal are recognised in the consolidated statement of comprehensive income as “Net gains on investments”. Investments are initially measured at fair value. Subsequently, they are measured at fair value in accordance with IAS 39. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

The Company determines the fair value of its Investments based on the following hierarchy:

LEVEL 1 - Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted market price at the reporting date. Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an on-going basis.

LEVEL 2 - If there is no active market, fair value is established using valuation techniques, including discounted cash flow models. The inputs to these models are taken from observable market data including recent arm’s length market transactions, and comparisons to the current fair value of similar instruments; but where this is not feasible, inputs such as liquidity risk, credit risk and volatility are used

LEVEL 3 - Valuations in this level are those with inputs that are not based on observable market data.

#### GOODWILL

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group’s interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition and is included as a non-current asset.

Goodwill is tested annually, or more regularly should the need arise, for impairment and is carried at cost less accumulated impairment losses. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Goodwill is allocated to cash generating units for the purpose of impairment testing.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

In accordance with IAS 36 the Group values Goodwill at the lower of its carrying value or its recoverable amount, where the recoverable amount is the higher of the value if sold and its value in use. In addition IAS 38 requires intangible assets with finite useful lives to follow the same impairment testing as Goodwill including the use of value in use calculations.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 3 ACCOUNTING POLICIES (continued)

#### TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each year end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and where they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At each financial year end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount and the impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 3 ACCOUNTING POLICIES (continued)

#### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, less depreciation, less adjustments for impairment, if any.

Significant improvements are capitalised, provided they qualify for recognition as assets. The costs of maintenance, repairs and minor improvements are expensed when incurred.

Tangible assets retired or withdrawn from service are removed from the balance sheet together with the related accumulated depreciation. Any profit or loss resulting from such an operation is included in the income statement.

Tangible assets are depreciated on straight-line method based on the estimated useful lives from the time they are put into operations, so that the cost is diminished over the lifetime of consideration to estimated residual value as follows:

- Office equipment - Over 5 years
- Other Fixtures & Fittings - Over 10 years
- Leasehold property- Over period of the lease
- Other Motor Vehicles - Over 4 years

#### INTANGIBLES

Expenditure on internally developed intangible asset is capitalised if it can be demonstrated that:

- there is an intention to complete the development,
- adequate resources are available to complete the development,
- it is probable that the asset will generate future economic benefits, and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the group expects to benefit from using the asset developed. The amortisation expense is included within the cost of sales line in the consolidated Statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive Income as incurred.

#### TRADE RECEIVABLES, LOANS AND OTHER RECEIVABLES

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified under 'loans and receivables'. Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Other receivables, that do not carry any interest, are measured at their nominal value as reduced by any appropriate allowances for irrecoverable amounts.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 3 ACCOUNTING POLICIES (continued)

#### FINANCIAL LIABILITIES

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities are classified as either financial liabilities at fair value through profit or loss ("FVTPL") or 'other financial liabilities'.

There were no financial liabilities 'at FVTPL' during the current, or preceding, period.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

#### OTHER FINANCIAL LIABILITIES, BANK AND SHORT TERM BORROWINGS

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Other short term borrowings being intercompany loans and unsecured convertible loan notes issued in the year are recognised at amortised cost net of any financing or arrangement fees.

#### TRADE PAYABLES

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### EQUITY INSTRUMENTS INCLUDING SHARE CAPITAL

Equity instruments issued by the Company are recorded at the proceeds received, net of incremental costs attributable to the issue of new shares.

An equity instrument is any contract that evidences a residual interest in the assets of a company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

Share capital represents the amount subscribed for shares at nominal value.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Any bonus issues are also deducted from share premium.

The merger reserve represents the premium on the shares issued less the nominal value of the shares, being the difference between the fair value of the consideration and the nominal value of the shares.

The reverse acquisition reserve arises from the acquisition of Global Investment Strategy UK Limited by the Company and represents the total amount by which the fair value of the shares issued in respect of the acquisition exceed their total nominal value.

The investment reserve represents the fair value adjustment to the investment in subsidiary in connection with the reverse acquisition.

The warrant reserve represents the fair value, calculated at the date of grant, of warrants unexercised at the balance sheet date.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 3 ACCOUNTING POLICIES (continued)

#### REVERSE ACQUISITION

The acquisition of Global Investment Strategy UK Limited on 30 June 2015 was accounted for using the reverse acquisition method. The following accounting treatment was applied in respect of the reverse acquisition:

- The assets and liabilities of the legal subsidiary were recognised and measured in the consolidated financial statements at their pre-combination carrying amounts without restatement to fair value;
- The identifiable assets and liabilities of the legal parent (the accounting acquiree) are recognised in accordance with IFRS 3 at the acquisition date. Goodwill is recognised in accordance with IFRS 3;
- The retained earnings and other equity balances recognised in the consolidated financial statements are those of the legal subsidiary (the accounting acquirer) immediately before the business combination.

The amount recognised as issued equity instruments in the consolidated financial statements is determined by adding the fair value of the legal parent (which is based on the number of equity interests deemed to have been issued by the legal subsidiary) determined in accordance with IFRS 3 to the legal subsidiary's issued equity immediately before the business combination. However, the equity structure (that is, the number and type of equity instruments issued) shown in the consolidated financial statements reflects the legal parent's equity structure, including the equity instruments issued by the legal parent to effect the combination. The equity structure of the legal subsidiary (accounting acquirer) is restated using the exchange ratio established in the acquisition agreement to reflect the number of shares issued by the legal parent (the accounting acquiree) in the reverse acquisition.

#### SHARE-BASED PAYMENTS

All share based payments are accounted for in accordance with IFRS 2 - "Share-based payments". The Company issues equity-settled share based payments in the form of share options to certain directors and employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Fair value is estimated using the Black-Scholes valuation model. The expected life used in the model has been adjusted, on the basis of management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to retained earnings.

### 4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period. Judgements and estimates that may affect future periods are as follows:

#### GOING CONCERN

The Directors consider that, based upon financial projections, the Company will be a going concern for the next twelve months. For this reason, The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS (continued)

#### FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group holds investments that have been designated as available for sale on initial recognition. Where practicable the Group determines the fair value of these financial instruments that are not quoted (Level 3), using the most recent bid price at which a transaction has been carried out. These techniques are significantly affected by certain key assumptions, such as market liquidity. Other valuation methodologies such as discounted cash flow analysis assess estimates of future cash flows and it is important to recognise that in that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

### 5 SEGMENTAL INFORMATION

A segment is a distinguishable component of the Group or Company's activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

As the chief operating decision maker reviews financial information for and makes decisions about the Group's activities as a whole, the directors have identified a single operating segment, that of corporate broking and advisory services. The Group operates in a single geographical segment which is the UK.

### 6 ANALYSIS OF TURNOVER

An analysis of turnover by class of business is as follows:

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Commissions	<b>4,426</b>	3,908
Share sales	-	-
Corporate finance and advisory	<b>44</b>	1
Special charges and recharges	<b>2,032</b>	1,687
	<b>6,502</b>	5,596

### 7 OPERATING PROFIT

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Operating loss is stated after charging:		
Staff costs as per Note 9 below	<b>1,611</b>	917
Depreciation of property, plant and equipment	<b>21</b>	20
Operating lease rentals	<b>142</b>	198
Write downs of VAT receivable	<b>29</b>	-
Net foreign exchange loss/(gain)	<b>3</b>	(20)

### 8 AUDITORS' REMUNERATION

## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

The analysis of auditors' remuneration is as follows:

	2018	2017
	£'000	£'000
Fees payable to the Group's auditors for the audit of the Group's annual accounts	20	20
	<b>20</b>	<b>20</b>

### 9 STAFF COSTS

The average monthly number of employees (including executive directors) for the continuing operations was:

	2018	2017
	No.	No.
Group total staff	18	13

	2018	2017
	£'000	£'000
Wages and salaries	1,104	865
Bonus shares issued	129	-
Share based payment cost	99	-
Termination benefits	46	-
Pension contributions	3	-
Social security costs	101	53
	<b>1,482</b>	<b>918</b>

Directors' emoluments were as follows:

	2018	2018	2018	2018	2017
	Directors	Bonus shares	Other	Total	Total
	fees	issued	emoluments		
	£'000	£'000	£'000	£'000	£'000
Grant Roberts	3	-	-	3	12
John Gunn	12	71	457	540	294
Nilesh Jagatia	12	15	48	75	26
Samantha Esqulant	12	43	110	165	106
Martin Davison	11	-	20	31	12
	<b>50</b>	<b>129</b>	<b>635</b>	<b>814</b>	<b>450</b>

With the exception of Samantha Esqulant the fees for all the current directors were invoiced by companies of which they were directors and controlling shareholders.



## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 10 OTHER GAINS AND LOSSES

	2018 £'000	2017 £'000
Impairment of investments	(75)	(613)
Gain on disposal of investments	4	-
	<b>(71)</b>	<b>(613)</b>

### 11 TAXATION

	2018 £'000	2017 £'000
Current tax charge	493	376
Deferred tax (release) / charge	(1)	(65)
	<b>492</b>	<b>311</b>

Reconciliation of tax charge:

	Continuing operations	
	2018 £'000	2017 £'000
Profit before tax	1,517	1,313
Tax at the UK corporation tax rate of 19% (2017: 20%)	288	263
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit:	38	29
Short term timing differences	-	(1)
Unutilised tax losses	166	20
Tax charge for period	<b>492</b>	<b>311</b>

The total taxation charge in future periods will be affected by any changes to the corporation tax rates in force in the countries in which the Group operates.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 12 EARNINGS PER SHARE

The basic earnings per share is based on the profit/(loss) for the year divided by the weighted average number of shares in issue during the year. The weighted average number of ordinary shares for the year ended 31 March 2018 assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	2018	2017
Profit attributable to owners of the Group	£1,276,000	£1,035,000
Weighted average number of ordinary shares in issue for basic earnings	564,703,598	560,226,886
Weighted average number of ordinary shares in issue for fully diluted earnings	578,453,598	560,226,886
<b>Earnings per share (pence per share)</b>		
Basic	0.226p	0.185p
Fully diluted	0.221p	0.185p

### 13 GOODWILL

Goodwill arose on the acquisition of Global Investment Strategy UK Limited ("GIS") by the Company in 2015.

	2018	2017
	£'000	£'000
At 1 April	2,869	2,869
<b>At 31 March</b>	<b>2,869</b>	<b>2,869</b>

The amount of £2,869,000 of Goodwill relates to the Goodwill arising on the reverse acquisition of GIS.

Goodwill is monitored by management at the level of the operating segment. The recoverable amount is determined based on value-in-use calculations which uses cash flow projections based on financial budgets approved by the Directors covering a five-year period, and a discount rate of 12% per annum.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates of 10% which is based on the average growth for 5 years covered by the projections. The Directors believe that any reasonably possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

The Directors have reviewed the carrying value of Goodwill as at 31 March 2018 and consider that no impairment provision is required. The Directors continue to review Goodwill on an on-going basis and where necessary in future periods will request external valuations to further support the valuation basis.

### 14 OTHER INTANGIBLE ASSETS

	System development costs £'000	Total £'000
As at 1 April 2016	-	-
Additions	50	50
As at 31 March 2017	50	50
Additions	359	359
As at 31 March 2018	409	409

## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 15 PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Fixtures and fittings	Short term leasehold property	Motor Vehicles	Group Total
<i>Cost</i>	£'000	£'000	£'000	£'000	£'000
As at 31 March 2016	30	12	6	63	111
Additions	26	2	-	-	28
<b>As at 31 March 2017</b>	56	14	6	63	139
Additions	18	1	-	-	19
<b>As at 31 March 2018</b>	74	15	6	63	158
<i>Depreciation</i>					
As at 31 March 2016	16	10	2	28	56
Charge for the year	9	2	2	8	21
<b>As at 31 March 2017</b>	25	12	4	36	77
Charge for the year	12	1	2	6	21
<b>As at 31 March 2018</b>	37	13	6	42	98
<i>Net book value</i>					
<b>As at 31 March 2018</b>	37	2	-	21	60
As at 31 March 2017	31	2	2	27	62

### 16 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The Company's investments in its subsidiary undertakings are as follows

	2018 £'000	2017 £'000
<b>COMPANY</b>		
Cost and net book value		
At 1 April 2017	9,137	9,137
<b>As at 31 March 2018</b>	9,137	9,137

All principal subsidiaries of the Group are consolidated into the financial statements. At 31 March 2018 the subsidiaries were as follows:

Subsidiary undertakings	Country of registration	Principal activity	Holding	Holding %
*Global Investment Strategy UK Limited	UK	Financial services	Ordinary shares	100%
**Synergis Capital Limited	UK	Financial services	Ordinary shares	71%

\*Directly held      \*\*Indirectly held

Synergis Capital was incorporated during the year as a private limited company to provide commercial asset backed lending, financed by an investment bond. In July 2017 Synergis Capital was converted into a PLC.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 17 AVAILABLE-FOR-SALE INVESTMENTS

	GROUP		COMPANY	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Investments at fair value at 1 April	126	689	-	-
Purchases	-	50	-	-
Impairment of investments	(75)	(613)	-	-
Gain on disposals	4	-	-	-
Disposals	(24)	-	-	-
<b>Fair value of investments at 31 March</b>	<b>31</b>	<b>126</b>	<b>-</b>	<b>-</b>
Categorised as:				
Level 1 Investments	31	106	-	-
Level 3 Investments	-	20	-	-
	<b>31</b>	<b>126</b>	<b>-</b>	<b>-</b>
Classed as:				
Non-current assets	-	-	-	-
Current assets	31	126	-	-
	<b>31</b>	<b>126</b>	<b>-</b>	<b>-</b>

The table above sets out the fair value measurements using the IFRS 7 fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 - valued using quoted prices in active markets for identical assets.

Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data.

There were no transfers between Level 1, Level 2 and Level 3 in either 2018 or 2017.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 17 AVAILABLE-FOR-SALE INVESTMENTS (continued)

#### MEASUREMENT OF FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's management team perform valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

#### Level 3 financial assets

Reconciliation of Level 3 fair value measurement of financial assets:

COMPANY	GROUP		COMPANY	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
At 1 April	20	273	-	-
Disposal proceeds	(24)	-	-	-
Gain on disposal	4	-	-	-
Impairment of investment	-	(253)	-	-
At 31 March	-	20	-	-

### 18 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Prepayments and accrued income	17	9	-	-
Trade receivables	182	91	-	-
Other receivables	218	134	152	73
Loans receivable	104	93	-	-
	521	327	152	73

Balances with the related parties are disclosed in note 25.

Also included in loans receivable is an amount of £93,000 (2017: £93,000) being the balance of an amount due from Amisud S.A. In March 2015 GIS agreed to convert a prior investment in Amisud S.A, an Argentinian based agriculture company, into a debt owed to GIS totalling approximately US\$215,000. Amisud S.A is required to repay the debt to GIS in instalments, two of which were received on schedule. As such the Directors feel no impairment charge is required.

No receivables were past due or provided for at the year-end or at the previous year end.

The Directors consider the carrying amount of intercompany loans and other receivables approximates to their fair value.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 19 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Cash and cash equivalents	5,324	3,813	-	-
	<b>5,324</b>	<b>3,813</b>	<b>-</b>	<b>-</b>

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

### 20 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade payables	100	88	2	17
Interco loan	-	-	1,168	393
Other payables	78	87	17	-
Accrued expenses	107	111	33	64
	<b>285</b>	<b>286</b>	<b>1,220</b>	<b>474</b>

Balances with the related parties are disclosed in note 24.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 21 FINANCIAL INSTRUMENTS

#### FINANCIAL ASSETS BY CATEGORY

The IAS 39 categories of financial assets included in the Statement of financial position and the headings in which they are included are as follows:

	2018 £'000	2017 £'000
Financial assets:		
Cash and cash equivalents	5,324	3,813
Available for sale investments	31	126
Loans and receivables	286	184
	<b>5,641</b>	<b>4,123</b>

#### FINANCIAL LIABILITIES BY CATEGORY

The IAS 39 categories of financial liability included in the Statement of financial position and the headings in which they are included are as follows:

	2018 £'000	2017 £'000
Financial liabilities at amortised cost:		
Trade and other payables	100	119
Short term borrowings	-	-
	<b>100</b>	<b>119</b>

#### CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, (previously includes the borrowings) cash and cash equivalents and equity attributable to equity holders of the Parent Company, comprising issued capital, reserves and retained earnings, all as disclosed in the Statement of Financial Position.

#### FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management is coordinated by the board of directors, and focuses on actively securing the Group's short to medium term cash flows by minimising the exposure to financial markets.

The main risks the Group is exposed to through its financial instruments are credit risk and liquidity risk.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 21 FINANCIAL INSTRUMENTS (continued)

#### CURRENCY RISK MANAGEMENT

The Group undertakes transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. The Group does not enter into forward exchange contracts to mitigate the exposure to foreign currency risk as amounts paid and received in specific currencies are expected to largely offset one another and the currencies most widely traded are relatively stable. The Directors consider the balances most susceptible to foreign currency movements to be the Cash and cash equivalents.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follow:

	<b>2018</b>	2017
	<b>£'000</b>	£'000
USD	1,086	4,234
EUR	3	274
Other	-	20

#### Sensitivity analysis

The Group is mainly exposed to USD / GBP and EUR / GBP exchange rates (2017: USD / GBP and EUR / GBP exchange rates). The following table shows the Group's sensitivity to a 5% increase and decrease in the GBP against these foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% in foreign currency rates:

	Profit/(loss)		Exchange rate	
	<b>2018</b>	2017	At 31 March	
	<b>£'000</b>	£'000	<b>2018</b>	2017
Effect of 5% decrease in value of GBP				
USD	<b>39</b>	211	<b>1.402</b>	1.253
EUR		14	<b>1.14</b>	1.172
Effect of 5% increase in value of GBP				
USD	<b>(39)</b>	(211)	<b>1.402</b>	1.253
EUR	-	(14)	<b>1.14</b>	1.172

In the Directors' opinion, the sensitivity analysis is unrepresentative of the inherent exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.



## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 21 FINANCIAL INSTRUMENTS (continued)

#### CREDIT RISK MANAGEMENT

The Company's financial instruments, which are subject to credit risk, are considered to be cash and cash equivalents and trade and other receivables, and its exposure to credit risk is not material. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks.

The Group's maximum exposure to credit risk is £5,610,000 (2017: £4,131,000) comprising trade and other receivables and cash.

#### LIQUIDITY RISK MANAGEMENT

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which monitors the Group's short, medium and long-term funding and liquidity management requirements on an appropriate basis. The Group manages liquidity risk by maintaining adequate reserves and banking facilities.

### 22 CALLED UP SHARE CAPITAL

	Deferred shares of 0.5p		Ordinary shares of 0.05p		Share premium £'000
	Number of shares	Nominal value £'000	Number of shares	Nominal value £'000	
ISSUED AND FULLY PAID:					
At 31 March 2016	56,255,351	281	1,193,098,159	597	1,713
1 for 11 share consolidation	108,463,469	543	108,463,469	54	-
Ordinary shares issued in year			451,763,417	226	8,608
Classified as merger reserve in respect of reverse acquisition					(6,555)
Share issue expenses					(97)
<b>At 31 March 2017</b>	<b>164,718,820</b>	<b>824</b>	<b>560,226,886</b>	<b>280</b>	<b>3,669</b>
Share issues			7,000,000	4	171
Capital reduction	(164,718,820)	(824)			(3,669)
<b>At 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>567,226,886</b>	<b>284</b>	<b>171</b>

The Company has one class of ordinary shares, which carry no right of fixed income.

On 2 June 2017, the Company issued 2,000,000 ordinary shares at 2.3p per share in settlement of a compromise agreement.

On 6 September 2017, the Company issued 5,000,000 ordinary shares at 2.575p each as bonus shares to directors.

In October 2017, the shareholders approved a capital reduction, which was confirmed at a Court hearing. As a result of the capital reduction all the deferred shares were cancelled, the balance on the share premium account as at 31 March 2017 was also cancelled, and the profit and loss account was credited with £4,493,000.

### 23 EVENTS AFTER THE REPORTING PERIOD

There have been no material events since the year end.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 24 RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries which are related parties have been eliminated on consolidation and are not disclosed in these financial statements.

#### KEY MANAGEMENT PERSONNEL

The remuneration of the directors and other key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*. Further information about the remuneration of individual directors of the Company is provided in Note 9.

	2018	2017
	£'000	£'000
Short term employee benefits	827	445
Termination benefits	46	-
	<b>873</b>	<b>445</b>

Short term employee benefits include payments made to personal service companies of key management during the year totalled £543,000 (2017: £345,000).

Balances with the directors at the year end are:

	2018	2017
	£'000	£'000
Directors' remuneration payable	8	64
Loan receivable from John Gunn (included in other payables / other receivables)	54	-

The amount due from John Gunn was repaid in full on 18 July 2018.

#### TRANSACTIONS WITH OTHER RELATED PARTIES

In previous years the Group charged rent and administration services to Inspirit Energy Holdings Limited ("Inspirit"), a Company connected to the Group, by way of John Gunn being a director and substantial shareholder in Inspirit. The amount due from Inspirit in respect of rent and services is summarised as follows:

	2018	2017
	£'000	£'000
Total charges/(reversal of charges) in year (including VAT)	-	(44)
Amount due from Inspirit at 31 March (included in trade and other receivables)	95	123

The amount owed by Inspirit at the year end was settled by the issue to GIS of £95,000 convertible loan notes.

All balances with related parties are unsecured, interest free and do not have fixed terms of repayment.

### 25 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group had no capital commitments or contingent liabilities as at the year end (2017: £nil).

## NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2018

### 26 CONTRACTUAL OBLIGATIONS

The Group's future minimum lease payments in respect of non-cancellable operating leases are as follows:

	2018 £'000	2017 £'000
Payable within 1 year	43	130
Payable within 2-5 years	-	43
	<b>43</b>	<b>173</b>

### 27 SHARE BASED PAYMENTS

#### EQUITY-SETTLED SHARE OPTION SCHEME

On 6 September 2017, a total of 12,000,000 options were granted to three directors of the Company, exercisable at 3p per share. Half of the options vested immediately and the other half vested on the anniversary of the date of grant. The options expire on the fourth anniversary of the date of grant.

On 28 September 2017, 1,750,000 options were granted on the same terms to a fourth director.

The fair value of the options was determined using the Black-Scholes option pricing model.

The significant inputs to the model in respect of the options granted were as follows:

	6 Sep 2017	28 Sep 2017
Grant date share price	2.575p	2.825p
Exercise share price	3p	3p
No. of share options	12,000,000	1,750,000
Risk free rate	1%	1%
Expected volatility	50%	50%
Option life	4 years	4 years
Calculated fair value per share	0.89714p	1.06409p

The total share-based payment expense recognised in the income statement for the year ended 31 March 2018 in respect of the share options granted was £99,000 (2017: £Nil).

Number of options at 1 Apr 2017	Granted in the year	Exercised in the year	Cancelled in the year	Number of options at 31 Mar 2018	Average exercise price	Vesting Date	Expiry date
-	6,875,000	-	-	6,875,000	0.92p	6.09.2017	6.09.2021
-	6,875,000	-	-	6,875,000	0.92p	6.09.2018	6.09.2021
-	13,750,000	-	-	13,750,000	0.92p		

### 28 ULTIMATE CONTROLLING PARTY

The Directors regard Mr. J Gunn as being the ultimate controlling party, by way of his controlling interest in the issued share capital of the Company.

# APPENDIX

2016 UK CORPORATE GOVERNANCE CODE	
Principles:	Application:
<p><b>A: LEADERSHIP</b></p>	<p><b>A.1 – The Board</b></p> <p>The 2016 UK Corporate Governance Code recommends that the Board of a public limited company in England and Wales includes members that are independent in character and judgment and free from relationships or circumstances which are likely to affect their decision making and judgement.</p> <p>The Board of Octagonal PLC (“Octagonal”) is collectively responsible for the long-term success of the Company and its Group. The directors liaise with the Company Secretary, Nilesh Kumar Jagatia who is responsible for compliance with the Board procedures including applicable rules and regulations are complied with.</p> <p>The Board is responsible for setting up effective and prudent controls, assessing and managing risks as well as reviewing management performance. The Board recognises that the long-term success of the Company is reliant on upholding the Company’s values and standards, and on ensuring that obligations to its shareholders are understood and met. The Board achieves this through close and ongoing relationship with its shareholders. The shareholders are encouraged to attend Company’s meetings including Annual General Meeting (the “AGM”) to provide feedback and to actively engage with the management on a regular basis. Furthermore, the Board implements robust financial reporting and controls alongside stringent policies to ensure that the Company and its Group is effectively managed.</p> <p>All directors act in the best interest of the Company and within their statutory duties set out in the Companies Act 2006 under s170 – 177, which could be summarised as follows:</p> <ul style="list-style-type: none"> <li>- <b>act within their powers;</b></li> <li>- <b>promote success of the Company;</b></li> <li>- <b>exercise independent judgement;</b></li> <li>- <b>exercise reasonable care, skill and diligence;</b></li> <li>- <b>avoid conflict of interest; and</b></li> <li>- <b>not to accept benefits from third parties.</b></li> </ul> <p><b>A.1.1 –</b> The Board meets at least once a month and at any other time that may be necessary to discharge their duties and will where possible will be attended by all of the directors.</p> <p>The agenda is prepared by the Chairman and is circulated by the Company’s Secretary along with a Board pack of relevant documents and monthly management accounts.</p> <p>The agenda and accompanying documents for the board meeting may include the following:</p> <ol style="list-style-type: none"> <li>a) <b>Review of the business, market conditions and new business</b></li> <li>b) <b>Group management accounts</b></li> <li>c) <b>Monthly trading activities and the analysis of key performance indicators (KPI)</b></li> <li>d) <b>Update on regulatory issues effecting the Company</b></li> <li>e) <b>Employment and personnel matters</b></li> <li>f) <b>Any other business</b></li> </ol> <p>The annual report includes a statement of how the Octagonal Board operates highlighting the types of decision the Board is to take. The schedule of matters reserved for the Board may include the following:</p> <ol style="list-style-type: none"> <li>a) <b>Strategy and management</b></li> <li>b) <b>Structure and capital</b></li> <li>c) <b>Financial reporting and controls</b></li> <li>d) <b>Internal controls</b></li> <li>e) <b>Contracts</b></li> <li>f) <b>Communications</b></li> <li>g) <b>Board membership and other appointments</b></li> <li>h) <b>Remuneration</b></li> <li>i) <b>Delegation of authority</b></li> <li>j) <b>Corporate governance matters</b></li> <li>k) <b>Company policies</b></li> </ol> <p><b>A.1.2 –</b> At the date of this publication the annual report will identify the members of the Board as John Gunn the Chairman, Samantha Esqulant the Chief Executive Director, Nilesh Kumar Jagatia the Chief Financial Officer and Anthony Binnie the Independent Non-Executive Director. The Company is also in the process of appointing a second independent Non-Executive Director which it expects to conclude</p>

		<p>shortly and will, at all times, seek to maintain a minimum of two independent Non-Executive Directors on the Board.</p> <p>The Independent Non-Executive Director is available to shareholders to help with any concerns they may have where the normal channels of Chairman or the Executive Directors have failed to resolve, or for which contact is inappropriate. No individual or group of individuals dominates the Board’s decision taking.</p> <p>The Company and its Group established the following committees to help wit process, structures and support good decision making by the Board.</p> <p><u>Audit Committee</u> – at the date of this publication the Audit Committee is chaired by Anthony Binnie and its other member is Samantha Esquant the Chief Executive Director. It is expected that they will be joined by the second independent Non-Executive Director following their appointment. The Audit Committee acts independently to ensure that the interests of the Company and its Group are properly protected in relation to financial reporting and internal controls.</p> <p>The directors have established the Audit Committee to ensure that appropriate financial reporting procedures are properly monitored, controlled and reported on at a minimum by IFRS approved foreign exchange accounting policies, and rules governed by the FCA and AIM employing general accepted account practices.</p> <p>The Audit Committee provides a forum for reporting by the Group’s external auditors. The Committee is also responsible for reviewing a wide range of matters, including half-year and annual results before their submission to the Board, and for monitoring the controls that are in force to ensure the integrity of information reported to shareholders. The Audit Committee will advise the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and will discuss the nature, scope and results of the audit with the external auditors. The Committee will keep under review the cost effectiveness and the independence and objectivity of the external auditors.</p> <p>The Audit Committee is responsible for ensuring the “right tone at the top” and that the ethical and compliance commitments of management and employees are understood through the Group.</p> <p>The Audit Committee meets not less than twice in each financial year.</p> <p><u>Remuneration Committee</u> supports the remuneration process. The Remuneration Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Company’s framework of executive remuneration and its cost. The Remuneration Committee also determines and reviews the performance and the terms of service of the directors, including salary, incentives and benefits, and makes recommendations to the Board. The Board itself determines the remuneration of the Executive Directors.</p> <p>The Remuneration Committee comprises of the Chief Executive Director Samantha Esquant and is chaired by the Independent Non-Executive Director Anthony Binnie. It is expected that they will be joined by the second independent Non-Executive Director following their appointment. The Committee meets as often as it deems necessary and at least annually to discharge its responsibilities and to support good decision making by the Board.</p> <p>Appointments to the Committee shall be for periods of up to three years which may be extended for further periods of three years as and when required.</p> <p>Furthermore, the Committee makes recommendations to the Board on proposals for the granting of share options and other incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time.</p> <p>It is recognised that if and when the Company grows, it may be appropriate to review the current structure in order to provide better segregation of the responsibilities and clear lines of reporting, that are consistent with industry standards.</p> <p>The annual report will indicate the members of the Board together with a brief note on the attendance of the directors and frequency of the meetings.</p> <p><b>A.1.3</b> – Octagonal and its Group has an insurance in place to cover legal actions taken against its directors.</p>
	<p><b>A.2 – Division of responsibilities</b></p>	<p><b>A.2.1</b> – Octagonal and its Group is committed to providing a clear separation of powers between the running of the Board and the executive responsibility for the running of the Company’s business. The roles of the Chairman and Chief Executive are separate, and the Board has agreed their respective responsibilities as set out below:</p>

		<p><u>The Chairman</u> is responsible for the following:</p> <ul style="list-style-type: none"> <li>- lead and manage the work of the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibility;</li> <li>- setting out the agenda so that the Board receives timely and accurate information to allow them to effectively promote the success of the Company and its Group;</li> <li>- setting the style and tone of the Board’s discussions to promote effective decision-making and encouraging active performance by all the members of the Board;</li> <li>- promoting effective and open communication between the Executive and Non-Executive Directors;</li> <li>- is to uphold higher standards of corporate governance, ensures clear structure and implementation of the Board’s decisions;</li> <li>- establish a close relationship of trust and confidence with the Executive Directors and is acting as a general advisor providing support and advice;</li> <li>- representing the Company and its Group by acting as a gateway to the shareholders and investors in understanding their views and opinions; and</li> <li>- ensuring that the performance of individuals, of the Board and its committees is evaluated at least once a year.</li> </ul> <p>The Board has delegated the responsibility for the day-to-day management of the Company and its Group to the Chief Executive Director (Samantha Esquant) who is responsible for leading the executive directors and for making and implementing operational decisions. Samantha Esquant is CF10a CASS and CF11 for FCA reporting purposes.</p> <p><u>The Executive Directors</u> are responsible for:</p> <ul style="list-style-type: none"> <li>- developing the Company’s and its Group’s objectives and strategy that is to be approved by the Board having regarded to the Company’s responsibilities to its shareholders, investors and employees;</li> <li>- providing recommendations about the Company’s and its Group annual budget and other financial planning to the Board for approval;</li> <li>- making recommendations on remuneration policy;</li> <li>- helping to identify and execute new business opportunities, manage the Company’s and its Group’s risks and ensures that the Company has appropriate internal controls in place;</li> <li>- providing means for timely and accurate disclosure of information, including escalation of issues;</li> <li>- approving policies and procedures;</li> <li>- leading the day to day decision making by the Company and its Group and communicating decisions to the Board and ensuring effective implementation of the Board’s decisions;</li> <li>- regularly reviewing the operational performance and strategic directions of the Company and its Group including its structure and make changes where appropriate with the approval of the Board; and</li> <li>- representing the Company together with the Chairman to its customers, suppliers, government organisations, shareholders, financial institutions, employees, media and to the public.</li> </ul>
	<p><b>A.3 – The Chairman</b></p>	<p><b>A.3.1</b> – The Chairman is responsible for leadership of the Board and ensuring its effectiveness of the Company and its Group as a whole. The roles of the Chairman and Chief Executive are separate and the Board has agreed their respective responsibilities as set out above under A.2.1.</p>
	<p><b>A.4 – Non-executive director(s)</b></p>	<p><b>A.4.1</b> – Octagonal’s Non-Executive Director is Anthony Binnie. Mr Binnie has been appointed to scrutinise the performance of the management in meeting and agreeing goals and objectives, as well as monitor and reporting of performance.</p> <p><u>The Non-Executive Director’s main responsibilities are to:</u></p> <ul style="list-style-type: none"> <li>- constructively challenge and help to develop proposals on strategy;</li> </ul>

		<ul style="list-style-type: none"> <li>- <b>monitor financial reporting and performance to satisfy himself on the integrity of financial information and that financial controls and systems of risk management are robust;</b></li> <li>- <b>determining appropriate levels of remuneration of the Executive Directors and where appropriate have a prime role in appointing and removing executive directors; and</b></li> <li>- <b>be the central point for board members for any concerns regarding the Chairman and the Executive Directors.</b></li> </ul> <p><b>A.4.2</b> – The Non-Executive Director meets from time to time with the Executive Directors and at least once a year without the Chairman being present. He is also encouraged to seek professional advice (at the Company’s expense) in the furtherance of his duties.</p> <p>Octagonal’s directors are encouraged to dedicate sufficient time to the Company and its Group to perform their responsibilities effectively. The Non-Executive Director is expected to allocate sufficient time to meet the expectations of his role as set out of his letter of appointment. He is also encouraged to disclose his other significant commitments to the Board indicating the time involved and inform the Board of any subsequent changes. Any other commitments of the Non-Executive Director need to be approved by the Board as this may have an impact on his time devotion as a Non-Executive Director to the Company and its Group.</p> <p>Octagonal’s Non-Executive Directors are appointed for the duration of three years and their appointment may be renewed by the Executive Directors, the Board and the members at the AGM. It is usually expected that appointments are renewed for one term of three years only (in line with the UK Corporate Governance Code) however, should there be an extension beyond six consecutive years this will be subject to a particularly rigorous review. The Non-Executive Director is paid a fee for their services to the Company which is periodically reviewed by the Board.</p> <p><b>A.4.3</b> – Where the Non-Executive Director has any concerns that cannot be resolved, any such reasons will be recorded in the board minutes and where appropriate, the Non-Executive Director will provide a written statement to the Chairman, for circulation to the Board. Where such concerns cannot be resolved this could result in resignation of the Non-Executive Director.</p>
<p><b>B: EFFECTIVENESS</b></p>	<p><b>B.1 – The composition of the Board</b></p>	<p>At the time of this publication the Board comprises of the Chairman (John Gunn), the Chief Financial Officer (Nilesh Kumar Jagatia), the Chief Executive Officer (Samantha Esquant) and the Non-Executive Director (Anthony Binnie). The Company is also in the process of appointing a second independent Non-Executive Director which it expects to conclude shortly and will, at all times, seek to maintain a minimum of two independent Non-Executive Directors on the Board.</p> <p>The Company feels that the Board and its committees are of sufficient size, balance of skills, experience, independence and knowledge so that the requirements of the business can be met.</p> <p><b>B1.1</b> – The Non-Executive Director(s) is to remain independent in character and judgement and this will be determined by the Board. The Board will state its reasons if it determines that a director is independent regardless of the existence of any circumstances which may appear relevant to its determination, including if the Non-Executive Director:</p> <ul style="list-style-type: none"> <li>- <b>has been an employee of the Company within the last five years;</b></li> <li>- <b>has or has had within the last three years material business relationship with the Company either directly or indirectly’ or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Company;</b></li> <li>- <b>has received or receives additional remuneration from the Company apart from a director’s fee, participates in the Company’s share option or a performance related pay scheme, or is a member of the Company’s pension scheme;</b></li> <li>- <b>has close family ties with any of the Company’s advisers, directors or any such senior employees of the Company;</b></li> <li>- <b>holds cross-directorships or has significant links with other directors through other involvement in other companies or bodies;</b></li> <li>- <b>represents a significant shareholder; or</b></li> <li>- <b>has served on the Board for more than nine years from the date of their first election.</b></li> </ul> <p><b>B.1.2</b> – Octagonal recognises that (in line with the UK Corporate Governance Code) it is usually expected that smaller companies should have at least two independent non-executive directors. As stated above Octagonal expects to meet this requirement and maintains to seek to do so at all times.</p>

<p><b>B.2 – Appointments of the Board</b></p>	<p><b>B.2.1</b> – Octagonal has not adopted a nomination committee. All board appointments are made by the Board collectively and the advisers.</p> <p><b>B.2.2</b> – The skill, experience, independence and knowledge of the members of the Board collectively and were appropriate will seek advice from the advisers.</p> <p><b>B.2.3</b> – Octagonal appoints its non-executive directors for specified terms for a period of three years and these are subject to re-election and to statutory provisions relating to the removal of a director. Should there be an extension of the appointment on the Non-Executive Director beyond six consecutive years this will be subject to a particularly rigorous review.</p> <p><b>B.2.4</b> – Despite currently not adopting a nomination committee Octagonal places great emphasis on the principle of diversity, including equality. This is because it believes that as Octagonal grows it will be in a better position to understand and meet customer’s needs. Octagonal’s policy is to ensure that there is a broad experience and diversity within the workforce of the Company and its Group. Octagonal’s employees come from various cultures, backgrounds, race, gender, sexual orientation, religion, believes as well as culture, personality and work-styles. Octagonal’s Board appointment is based on merit as well as complementing and expanding skills, knowledge and experience of the Board as a whole.</p>
<p><b>B.3 – Commitment</b></p>	<p><b>B.3.1</b> – The Chairman is to act independently on appointment and is expected to promote and oversee the highest standards of corporate governance throughout his tenure, as well as to lead the Board and to discuss all proposals put forward by the executive team. He is also responsible for setting out the agenda and to evaluate and oversee the current business and strategic matters of the Company and its Group. He is to ensure that the Board members receive accurate, timely and clear information to enable them to fulfil their duties and to promote the success of the Company and its Group. Should the Chairman have any other significant commitments these have to be disclosed to the Board and included in the annual report.</p> <p>The Chairman should also chair, serve on, or attend any other committees of the Board in order to support effective and balanced team and to encourage active engagement by all members of the Board. The Chairman’s job specification also includes the creating of conditions for overall Board and individual directors’ effectiveness including promotion of an appropriate induction programme for new directors, creating the opportunity for maintenance of the relevant skills and knowledge required to fulfil the directors’ role on the Board. The Chairman is also expected to take lead in identifying and meeting development needs of individual directors and to address the development needs of the Board as a whole. Furthermore, the Chairman is to ensure effective communication with the Board members in conjunction with colleagues to work together as a team. He is to be available in the event of crises to support to overall performance of the Board. Lastly the Chairman should allow sufficient time for the discussion of complex or contentious issues and that all members’ contributions are encouraged and valued.</p> <p><b>B.3.2</b> – The letter of appointment of the Non-Executive Director is available for inspection at the Company’s registered office.</p> <p><b>B.3.3</b> – Our Non-Executive Director does not at the time of this report hold more than one non-executive directorship in a FTSE 100 company nor the chairmanship of such a company.</p>
<p><b>B.4 – Development</b></p>	<p>All directors of Octagonal are required to familiarise themselves with the Board and should regularly update and refresh their knowledge, to fulfil their role both on the Board and on board committees. Octagonal recognises and encourage its directors where appropriate to receive training and to attend course to widen their knowledge.</p> <p><b>B.4.1</b> – It is the Chairman’s responsibility to ensure that any such new directors receive a full, formal and tailored induction on joining the Octagonal’s Board, including meeting any major shareholders where relevant.</p> <p><b>B.4.2</b> – The Chairman actively and openly communicates with the Directors in order to identify and support their training and development needs where appropriate.</p>
<p><b>B.5 – Information &amp; support</b></p>	<p>The Chairman is responsible for ensuring a timely flow of high-quality information to the Board and its directors.</p> <p><b>B.5.1</b> – All directors and especially the Non-Executive Director are encouraged to seek independent professional advice (at the Company’s expense) in the furtherance of their duties to the Company and its shareholders.</p>



		<p><b>B.5.2</b> – The requirement for a company secretary of a public company is specified in section 271 of the Companies Act 2006. The Company Secretary is responsible for compliance with the Board procedures and that applicable rules and regulations are complied with by the Company and its Group. The appointment and removal of the Company Secretary is a matter for the Board as a whole, and the remuneration of the Company Secretary is determined by the Remuneration Committee. The Company Secretary also assists with enhancing director’s effectiveness and with reviewing of the Company’s governance processes such as the Board and committee evaluation to be fit for purpose and suggest any improvement that could strengthen the governance of the Company and its Group.</p>
	<p><b>B.6 – Evaluations</b></p>	<p>Challenging economic conditions, pressure of globalisation and increased regulatory requirements are putting pressure on the Board to increase the quality of performance. The Board recognises that there is a need for continual assessment of efficiency and performance of their roles against the objectives and the goals of the Company and its Group.</p> <p><b>B.6.1</b> – The Board monitors and improves their performance through an annual evaluation process. The Board provides direction, controls and support and advice for the Company and its Group. The Board evaluates these roles and responsibilities and assesses how efficiently these are fulfilled. The effectiveness of the Board depends on a variety of factors which are reviewed and monitored, these are:</p> <ul style="list-style-type: none"> <li>- <b><u>the Board structure:</u> its constitution, diversity, its committees, competencies of its members and the frequency of meetings;</b></li> <li>- <b><u>the Board’s performance:</u> the availability of information, effective and open communication with the executive and non-executive directors and shareholders, efficient board agenda, cohesiveness and the frequency of participation in board meetings;</b></li> <li>- <b><u>the Board’s business strategy:</u> evaluation on what role does the Board play in the Company’s strategy;</b></li> <li>- <b><u>financial reporting and controls:</u> risk management through robust financial and other controls;</b></li> <li>- <b><u>performance monitoring:</u> compliance with regulations, policies and implementations of efficient strategy and systems;</b></li> <li>- <b><u>supporting and advisory role:</u> supporting a good decision making by the Board; and</b></li> <li>- <b><u>the Chairman’s role;</u> defined under A.2.1 and B.3.</b></li> </ul> <p>The evaluation of the Board’s performance is effectively an assessment of the above parameters and these have been performed. The evaluation process is tailored to the individual requirements of the Company and its Group. This will include the Company’s life cycle, its corporate structure, its culture and adopted processes. The Board evaluation process could result in minor amendments such as amending the Board’s processes to major changes such as changes in the Board composition and alternations in the Committee structures. Octagonal follows the prescribed and recommended annual evaluation processes however this is not rigidly applied, and evaluation may take effect earlier where necessary. The frequency of the evaluation processes is usually determined by the Board and the performance evaluation will result in an action plan for the Board to adopt and implement. The Company and its Group also recognises that trust and confidence in the process is critical in achieving a successful evaluation.</p> <p>The evaluation process is usually conducted internally due to the size and complexity of the organisation. The Board established that it will be able to derive maximum benefits from the evaluation exercises, only if they collectively believe in the evaluation and its ability to help identify the strengths and weaknesses of the Board. Should the Company grow in size it may consider getting an independent expert to bring more independent and transparent process.</p> <p><b>B.6.2</b> – Not applicable as Octagonal’s Board is not within the FTSE 350 companies.</p> <p><b>B.6.3</b> – The Independent Non-Executive Director is required to bring an objective view in the evaluation of the Board’s performance (including the Chairman) and the Executive Directors performance. The Non-Executive Director meets from time to time without the Chairman being present. He is also encouraged to seek professional advice (at the Company’s expense) in the furtherance of his duties. The Non-Executive Director’s performance is evaluated by the Board. It is expected that the Board invests considerable time and efforts to perform this evaluation using high level of commitment and leadership skills.</p>
	<p><b>B.7 – Re-Election</b></p>	<p>Octagonal’s procedure on appointment, nomination and term of office and succession of new directors to the Board are formal, rigorous and transparent. The candidates are elected based on their merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender. All directors have a written contract or letter of appointment setting out the terms of their appointment to the Board.</p>

		<p>The directors are subject to annual re-election at the AGM, unless the Board determines that there may be a conflict of interest between the long-term interest of the Company and its Group and short-term uncertainty of voting and subject to satisfactory performance. The contracts are usually for a three year cycle for serving directors.</p> <p><b>B.7.1</b> – The Board will only support re-election of directors with efficient and satisfactory performance. The Board consults annually with the Chairman on the performance of those board members presenting themselves for re-election at the AGM. This process helps the Board to be more accountable to shareholders. Should any Non-Executive Director serve on the Board for more than six years from the date of their first election they will be subject to rigorous review if nominated for re-election.</p> <p>Directors biographical details are published on the Octagonal’s website for the shareholders to take an informed decision on their election.</p> <p><b>B.7.2</b> – The Board when electing a non-executive director is mainly looking for real balance of skills and responsibilities to help to bring the Company and its Group further. It is up to the Chairman to confirm to shareholders when proposing re-election that he is satisfied with the performance of the elected director and that the director is to remain in his post mainly due to his satisfactory performance and his ongoing commitment to his role and the Company.</p> <p>Octagonal maintains a register of all directors as required by section 162 of the Companies Act 2006 and register of all directors’ residential addresses required under s165 of the same Act. A copy of the register of all directors of Octagonal is available at the Companies House.</p>
<p><b>C: ACCOUNTABILITY</b></p>	<p><b>C.1 – Financial &amp; business reporting</b></p>	<p>The Boards duty among other things is to protect the Company’s assets and oversee its financial affairs. Financial statements are the primary means of communicating information about the Company’s financial position to shareholders. The Board’s aim is to present a fair, balanced and understandable assessment of the Company’s performance.</p> <p>You can view Octagonal’s Annual Report and Financial Statements on the Companies House or on <a href="http://octagonalplc.com/corporate-information/">http://octagonalplc.com/corporate-information/</a>.</p> <p><b>C.1.1</b> – Octagonal’s responsibility for its annual financial reporting is shared among the management, the Board and the external auditors.</p> <ul style="list-style-type: none"> <li>- <b>The directors of Octagonal are responsible for preparing financial reports and developing robust internal financial controls.</b></li> <li>- <b>The Board is responsible for overseeing management and its financial reporting processes and satisfying itself as to the appropriateness of financial reports for those outside the Company and its Group.</b></li> <li>- <b>The auditors are responsible for making an independent assessment of the financial statements and giving a professional opinion on whether those statements give a fair and true financial position of the Company.</b></li> </ul> <p><b>C.1.2</b> – The directors focus is on growing the core settlement and safe custody business organically and diversifying into new areas that will improve our customer’s experience, but also generate long term value for shareholders, whilst improving effectiveness and driving cost savings through the implementation of fintech functionality.</p> <p>For further information please see the Company’s financial statement which goes into more detail about the future plans of the Company and its Group.</p> <p><b>C.1.3</b> – The Company’s financial statements were adopted by the Company’s directors as they believe that the development of new business lines, cost controls and financial conservatism will bring growth. These factors will enable it to improve margins and seek higher margin revenues, while offering competitive rates to its clients.</p> <p>The Directors have a reasonable expectation that the Group has adequate resources to continue in operation or existence for the foreseeable future thus continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Company’s financial statement.</p>
	<p><b>C.2 – Risk management &amp; internal controls</b></p>	<p>Octagonal’s Board is responsible for determining the nature and the extend of the risks it is willing to take in achieving the Company’s strategic objectives. The Board manages the risks through implementation of internal controls systems.</p>

**C.2.1** – The directors identify risks and uncertainties to the Company. The Company and its Group is exposed to a number of business risks. The risk appetite of the Group is determined by the Board.

The Group has identified the following as the key risks and their mitigation:

**Market risk:** the Company and its Group has limited market risk in respect of its trading as agent in equities and debt instruments as its services are principally settlement and custody, which do not have market risk. Our execution services are minimal and are only carried out under strict criteria. The Company and its Group does have counterparty risk, but we do not see this as significant given the high level of regulation in this industry. Market exposure arising from unsettled trades is closely monitored and managed during each trading day. Market risk also gives rise to variations in asset value and thus management fees, and variations in the value of investments held by the Company.

**Stock market conditions:** the Group's business is highly dependent on stock market conditions, especially volumes of equities and other financial products traded. Adverse market conditions resulting in reducing volumes of trading may have a significant negative effect on revenues and profitability.

**Currency risk:** a large proportion of the Group's income and expenses are incurred in foreign currency, particularly US Dollars. As a result, fluctuations in currency exchanges rates could have an adverse effect of the financial conditions, results of operation or cash flow of the Group.

**Operational risk:** there is a large operational risk to which the Group is exposed, including reputational risks and the Group seeks to mitigate operational risk to acceptable residual levels, in accordance with its risk appetite policy, by maintenance of its control environment, which is managed through the Group's operational risk management framework. The Group's controls include appropriate segregation of duties and supervision of employees; ensuring the suitability and capability of the employees; relevant training programmes that enable employees to maintain competence, and identifying risks that arise from inadequacies or failure in processes and systems. The Group also has a business continuity and disaster recovery plan which provides, inter alia, back up premises and back-office systems, and which is regularly reviewed.

**Loss of staff:** staff are a key asset in the business and retaining the services of key staff is essential to ongoing revenue generation and development of the business.

**Regulatory and legislation changes:** the regulatory regime applicable to the Company and its Group is under regular review and future changes made by a regulatory body could impose a greater burden on the Group with consequential additional cost. As one of the Company's Group is a regulated business, it relies heavily on continuing to be authorised under the Financial Conduct Authority ("FCA") to be able to undertake certain roles and operations.

The Group's business is subject to substantial regulation both in the UK, USA and other jurisdictions. Adverse regulatory developments could have a material, adverse effect of the Group's operating results, financial condition and prospects.

The Company and its Group conducts its business subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies, voluntary codes or practice and interpretations in the UK and the other markets where it operates. Further changes in regulation, fiscal or other policies are unpredictable and beyond the control of the directors and could materially adversely affect the Group's business.

Areas where changes could have an adverse impact include, but are not limited to:

- other general changes in regulatory requirements, such as prudential rules relating to the capital adequacy or liquidity framework;
- further developments in the financial reporting, corporate governance, conduct of business and employee compensation; and
- other unfavourable political, military or diplomatic developments producing social instability or legal uncertainty which, in turn, may affect demand for the Group's products and services.

**Influence of controlling shareholders:** John Gunn has an interest in approximately 52.72 per cent. of the Company's issued share capital. Accordingly he is in a position to exert significant influence over the Company, its strategy, directors and operations. In order to partially mitigate this risk the Company and John Gunn have agreed a Relationship Agreement governing his behaviour as the majority shareholder of the Company.

**C.2.2.** – Using the above identified risks the directors assessed the future prospects of the Company and its Group and concluded that despite the risks the Company is exposed to, they have reasonable expectation that the Group has adequate resources to continue in operation or existence for the foreseeable future, thus the directors continue to adopt the going concern basis in preparing the financial statements.

	<p><b>C.2.3</b> – The Company and its Group supports the concept of an effective Board leading an controlling the Company and its risks. The Board of Directors is responsible for approving Company policy and strategy. It meets regularly and at least annually and has a schedule of matters specifically reserved to it for decision. All directors have access to advice from independent professionals at the Company’s expense. Training is available for new and existing directors as necessary.</p> <p>The oversight of risk is also reviewed by the Audit Committee. In addition, business units are required to self-assess any risks which are then reported to the directors for further assessment. The risk management and internal control processes encompass activity to mitigate financial, operational, compliance and reputational risks. The Company and its Group also have processes in place to ensure appropriate action is taken, where necessary, to rectify any deficiencies identified through the Group’s internal controls and risk management process. The Board gives the Audit Committee visibility and understanding of the Group’s key risks and risk management capability, oversee the Group’s performance, compliance and provides assurance over the quality of the Group’s internal controls.</p>
<p><b>C.3 – Audit committee &amp; auditors</b></p>	<p>The Company appointed Welbeck Associates as their group auditors and they are expected to be reappointed at the next AGM. The Board has an Audit Committee to establish an effective corporate governance although the ultimate responsibility for areas addressed by the committee remains with the Board collectively.</p> <p><b>C.3.1</b> – At the date of this publication the Audit Committee was chaired by Anthony Binnie (the Independent Non-Executive Director) and Samantha Esqulant (the Chief Executive Director) who both possess recent and relevant financial experience. It is expected that they will be joined by the second independent Non-Executive Director following their appointment. The Audit Committee acts independently to ensure that the interests of the Company and its Group are properly protected in relation to financial reporting and internal controls. The Audit Committees’ primary responsibility is to assist to the Board in fulfilling its responsibilities for ensuring that proper accounting and financial reporting practices, and sound internal financial controls exist throughout the Company and its Group. The Audit Committee monitors auditing and compliance and thus providing assurance evaluation to the Board. The Audit Committee meets two times a year to discharge their duties.</p> <p><b>C.3.2</b> – <u>The main role and responsibilities of the Audit Committee is to:</u></p> <p>review the integrity of the Company’s financial reporting and overseeing the independence of the external auditors. In particular, the audit Committee has the following duties:</p> <p><u>Financial statements</u></p> <ol style="list-style-type: none"> <li>1. <b>To Review the audited annual and half yearly financial statements and nay reports which accompany published financial statements before submission to the Board, recommending their approval, focusing particularly on:</b> <ul style="list-style-type: none"> <li>• any changes in accounting policies and practices;</li> <li>• major judgemental areas;</li> <li>• significant adjustments, accounting and financial reporting issues resulting from the internal and external audit;</li> <li>• compliance with accounting policies and standards; and</li> <li>• compliance with legal requirements.</li> </ul> </li> <li>2. <b>To review the evaluation by management of factors related to the independence of the Company’s public accountant and to assist them in preservation of such independence.</b></li> <li>3. <b>To oversee management’s appointment of the Company’s public accountant.</b></li> </ol> <p><u>Related Party Transactions</u></p> <ol style="list-style-type: none"> <li>4. <b>To monitor and review the property of any related party transactions. To review any transactions that are not a normal part of the Company’s business.</b></li> </ol> <p><u>External Audit Function</u></p> <ol style="list-style-type: none"> <li>5. <b>To recommend to the Board the appointment of the external auditor.</b></li> </ol> <p>Each year, to review the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal. The Audit Committee will than make recommendations to the Board. Additionally, the Board will obtain shareholders approval in respect of the appointment of the external auditor, each year the Annual General Meeting.</p> <ol style="list-style-type: none"> <li>6. <b>To discuss with the external auditor before the audit commences the nature and scope of the audit, the audit plan and to ensure coordination between the internal and external auditor. Review any subsequent change to the audit plan.</b></li> </ol>

		<p>7. To meet with the external auditor on at least annual basis.</p> <p>8. To determine that no management restrictions are being placed upon external auditor.</p> <p>9. To discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary).</p> <p>10. To review the external auditor's management letter and management's response.</p> <p>11. To review any regulatory reports on the Company's operations and management's response.</p> <p>12. Consider any review with finance management and the independent auditor;</p> <ul style="list-style-type: none"> <li>• The Company's annual assessment of the effectiveness of its internal controls and the independent auditor's attestation and report about the Company's assessment.</li> <li>• The adequacy of the Company's internal controls including computerised information system controls and security.</li> <li>• Any related significant findings and recommendations of the independent accountants with management's responses thereto.</li> </ul> <p><u>Internal audit Function</u></p> <p>13. Taking into account the size of the Company, the Board has determined that the appointment of an internal auditor is not necessary.</p> <p><u>Communication</u></p> <p>14. Providing, through regular meetings, a forum communication between the Board, senior financial management, staff involved in internal control procedures and the external auditors.</p> <p>15. Enhancing the credibility and objectivity of financial reports with other interested parties, including creditors, key stakeholders and the general public.</p> <p>16. Establishing procedure for complaints and reports regarding accounting, internal accounting controls and auditing matters and ensuring a mechanism for the confidential treatment of such complaints and reports including the ability to submit them anonymously.</p> <p><u>Assessment of Effectiveness</u></p> <p>17. To evaluate the adequacy and effectiveness of the Company's administrative, operating and accounting policies through active communication with operating management, internal auditors and the external auditors.</p> <p><u>Oversight of the Risk Management System</u></p> <p>18. To oversee the establishment and implementation by management of a system for identifying, assessing, monitoring and managing material risk through the Company. This system will include the Company's internal compliance and control systems.</p> <p>19. To review at least annually the Company's risk management systems to ensure the exposure to the various categories of risk are minimised prior to endorsement by the Board.</p> <p>20. To evaluate the Company's exposure to fraud.</p> <p>21. To take an active interest in ethical considerations regarding the Company's policies and practices.</p> <p>22. To monitor the standard of corporate conduct in areas such as arms-length dealings and likely conflict of interest.</p> <p>23. To identify and direct any special projects or investigations deemed necessary.</p> <p>24. To ensure the appropriate engagement, employment and deployment of all employees under statutory obligations.</p> <p>25. To ensure a safe working cultures is sustained in the workforce.</p> <p>26. To determine the Company's risk profile describing the material risks, including both financial and non-financial matters, facing the Company and is Group.</p> <p>27. To regularly review and update the risk profile.</p>
--	--	--

		<p><b>28. Review and update the Audit Committee Charter annually.</b></p> <p><b>29. To report to the Board on how it has discharged its responsibilities.</b></p> <p><b>C.3.3</b> – The Audit Committee is a committee of the Board of Octagonal and its Group, to which it will report on a regular basis. The Audit committee is concerned with the business of Octagonal and its Group companies and its authority extends to all relevant matters relating to the Group. The Audit Committee has authority to investigate any matters within its responsibilities and to obtain such information necessary from any director, officer or employee of the Group. The terms of reference of the audit committee is available on request at the Company’s registered office.</p> <p><b>C.3.4</b> – The Audit Committee should provide advice on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable to allow its shareholders to assess the Company’s and its Group position and performance, business model and strategy.</p> <p><b>C.3.5</b> – In the case of a suspected breach the Audit Committee has the power to establish written procedure for the confidential receipt, retention and consideration of reports; shall inform the Chief Executive Director of any report of evidence of a breach or suspected breach; decide whether an investigation is necessary to determine whether in fact there is a breach or suspected breach, and if so, to notify the Board and initiate investigation. At the conclusion of any investigation the Audit Committee shall recommend, by majority vote, that an appropriate response was undertaken; inform the Company’s Chief Executive Director of the result of the investigation and suggest appropriate remedial measures to be adopted.</p> <p><b>C.3.6</b> – The Code recommends that the Audit Committee should monitor and review the effectiveness of the internal audit activities. Taking into account the size of the Company, the Board has determined that the appointment of an internal auditor is not necessary. The Audit Committee will consider the need for an internal audit function annually and will make recommendations to the Board.</p> <p><b>C.3.7</b> – The Audit Committee has a primary responsibility to approve the appointment and, when and if appropriate, reappoint or remove the external auditor, who shall functionally report directly to the Committee and administratively to the Chief Executive Director.</p> <p><b>C.3.8</b> – <u>The annual report should state how the Audit Committee has discharged its responsibilities and should include:</u></p> <ul style="list-style-type: none"> <li>- <b>report to the Board on how its responsibilities identified above have been discharged;</b></li> <li>- <b>report on any significant issues that the committee considered in relation to the financial statements, and how these issues were addressed;</b></li> <li>- <b>provide and explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, information on the length of tenure of the current audit firm, when a tender was last conducted and advance notice of any retendering plans; and</b></li> <li>- <b>review, on an annual basis, these responsibilities and may recommend to the Board any changes it considers necessary.</b></li> </ul>
<p><b>D: REMUNERATION</b></p>	<p><b>D.1 – The level &amp; components of remuneration</b></p>	<p>The remuneration, incentives and benefits of the directors are arranged by the Board as a whole. The Board seeks to provide appropriate reward for the skill and time commitment required so as to retain the right calibre of director at a cost to the Company and its Group which reflects the current market rates. Our aim is to provide executive directors with opportunities strongly aligned to growth, profitability and shareholders’ returns.</p> <p><b>D.1.1</b> – The Executive Directors’ remuneration is designed to promote the long-term success of the Company, its Group and the shareholders. The Remuneration Committee shall determine and agree with the Board the framework or board policy for the remuneration of the Company’s Executive Directors and such other members of the executive management as it is designated to consider.</p> <p><u>The Remuneration Committee may in specified circumstances decide to:</u></p> <ul style="list-style-type: none"> <li>- <b>forfeit all of part of a bonus or long-term incentive award before it is vested and paid; and / or</b></li> <li>- <b>recover sums already paid.</b></li> </ul> <p>The Remuneration Committee makes recommendations to the Board on proposals for the granting of share options and other incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time.</p> <p><u>Pensions</u></p> <ul style="list-style-type: none"> <li>- <b>Directors are entitled to the basic state pension.</b></li> </ul>

		<p><b>D.1.2</b> – Our executive directors are permitted to work as non-executive directors elsewhere and where applicable, the remuneration report will include a statement as to whether or not the director will retain such earnings, and if so, what the remuneration is.</p> <p><b>D.1.3</b> – The Committee shall determine and agree with the Board the framework or board policy for the remuneration of the Company’s executive directors and such other members of the executive management as it is designated to consider. Directors may be included the Company’s incentives scheme.</p> <p><b>D.1.4</b> – In the event of early termination of a director’s service contract for poor performance the director will not be entitled to receive any compensation commitments.</p> <p><b>D.1.5</b> – All directors are subject to one to twelve months service contract.</p>
	<p><b>D.2 - Procedure</b></p>	<p>No director or manager shall be involved in any decision or recommendations to their own remuneration or participate in any meeting or discussion at which their own remuneration is being discussed.</p> <p><b>D.2.1</b> – The Board has established the Remuneration Committee to support the remuneration process. The Committee is responsible for setting the over-arching principles of Remuneration Policy. The Policy is designed to support the delivery of business strategy and to create value for shareholders. The Remuneration Committee comprises of Anthony Binnie the Non-Executive Director and Samantha Esqulant the Chief Executive Director). Terms of reference for the Remuneration Committee as required by the DRT 7.2.7R is available at the Company’s registered address.</p> <p><b>D.2.2</b> – The Committee will consider and approve the remuneration and where applicable, incentives and benefits, and makes recommendations to the Board. The Committee will also govern employee share schemes. The Chairman of the Committee will be consulted by the Chief Executive in respect of the Company and its Group director’s performance appraisal, compensation and in respect of any appointments do / departures from the role.</p> <p><b>D.2.3</b> – The remuneration of non-executive directors shall be a matter for the executive members of the Board. No director or manager shall be involved in any decisions or recommendations to their own remuneration or participate in any meeting or discussion at which their own remuneration is being discussed.</p> <p><b>D.2.4</b> – The Company and its Group complies with the relevant Listing Rules LR 9.4 and any new or significant changes to the long-term incentive schemes must be approved by shareholders, by passing an ordinary resolution in general meeting before it is adopted, save the circumstances permitted by the Listing Rules.</p>
<p><b>E: RELATIONS WITH SHAREHOLDERS</b></p>	<p><b>E.1 – Dialogue with shareholders</b></p>	<p>The Board believes that under ordinary circumstances, the management speaks for the Company and its Group and the Chairman speaks for the Board. Directors may be also required from time to time to meet or communicate with various members and regulatory authorities that are involved with the Company and its Group. It is expected that the directors would only do this with the knowledge of the management and in most instances at the request of management. All directors including the Non-Executive Director are also regularly made aware of their major shareholders’ issues and concerns.</p> <p><b>E.1.1</b> – Communication with shareholders are given a high priority by the management. Shareholders can challenge the Company and its Group in several ways. Shareholders may contact the Board by writing to them at Company’s registered address. In addition to the publication of an annual report and an interim report, there is a regular dialogue with shareholders. The AGM is viewed as a forum for communicating with shareholders and particularly private investors. Shareholders are also encouraged to question the Chief Executive Director and other members of the Board at the AGM.</p> <p><b>E.1.2</b> – Please visit Octagonal’s annual report to see in more detail how the Company and its Group communicate with its non-executive directors to allow them to understand and for a view of major shareholders of the Company.</p>
	<p><b>E.2 – Constructive use of General meeting</b></p>	<p>Octagonal holds an Annual General Meeting (AGM) each year. The main purpose of the AGM is to comply with legal requirements, such as the presentation and approval of the audited accounts, election of directors, and appointment of auditors for the new accounting term. The meeting also covers confirmation of proposed dividend, and any issues raised by the shareholders.</p> <p><b>E.2.1</b> – Directors may call General Meetings on a minimum of 14 days’ notice or on a short notice with the written consent of a majority of the members. Shareholders are authorised to vote in general meetings and may authorise a third party to do so on their behalf. A proxy voting service is offered. Proxy votes (including proxy appointment forms) are provided for members who are entitled to vote but unable to attend the meeting. Any ‘vote withheld’ is not vote in law and will not be counted for and against the resolution being passed.</p>

		<p><b>E.2.2</b> – All valid proxy appointments received will be properly recorded and counted. Where a vote has been taken on a show of hands the information given at the meeting will be available as soon as reasonably practicable and the Company will make a public announcement through RNS (Regulatory News Service) and where applicable be posted to the shareholders directly and will include the following information:</p> <ul style="list-style-type: none"> <li>• <b>the number of shares in respect of which proxy appointments have been validly made;</b></li> <li>• <b>the number of votes for the resolution;</b></li> <li>• <b>the number of votes against the resolution; and</b></li> <li>• <b>the number of shares in respect of which the vote was directed to be withheld.</b></li> </ul> <p>Where a significant number of votes have been against the resolution being passed the Company will make all reasonable endeavours to understand and explain the reasons behind the voting and what actions it intends to take.</p> <p><b>E.2.3</b> – The Chairman is responsible for establishing a close relationship of trust and confidence with the executive directors and other members of the committees as a general advisor providing support and advice. The Chairman is also responsible for encouraging active performance by all members of the Board and its committees and is acting as a gateway to the shareholders and investors in understanding their views and opinions and to answer any questions they may have.</p> <p><b>E.2.4</b> – The notice of AGM together with any supporting documents will be sent to the shareholders at least 20 working days before the meeting.</p>
--	--	--