

Octagonal plc

Company Registration No. 06214926

OCTAGONAL

Annual Report and Financial Statements

31 March 2017

CONTENTS

Page

1	Company information
2	Chairman's statement
4	Strategic report
7	Directors' report
10	Statement of Directors' responsibilities
11	Report of the independent auditor
13	Group income statement
14	Group and Company statements of financial position
15	Group statement of changes in equity
16	Company statement of changes in equity
17	Group and Company statements of cash flows
18	Notes forming part of the Group financial statements

COMPANY INFORMATION

DIRECTORS:	John Gunn (Interim Chairman and Chief Executive Officer) Nilesh Jagatia (Finance Director) Samantha Esqulant (Chief Operating Officer) Martin Davison (Non-Executive Director)
SECRETARY:	Nilesh Jagatia
REGISTERED OFFICE:	2 nd Floor 2 London Wall Buildings London EC2M 5PP
COMPANY REGISTRATION NUMBER:	06214926 (England and Wales)
REGISTRAR AND TRANSFER OFFICE:	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU9 7DR
SOLICITORS:	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW
INDEPENDENT AUDITORS:	Welbeck Associates Registered Auditors Chartered Accountants 30 Percy Street London W1T 2DB
NOMINATED ADVISER AND BROKER:	Beaumont Cornish Limited 2 nd Floor, Bowman House 29 Wilson Street London EC2M 2SJ
BANKERS:	Lloyds Bank plc 2nd Floor 39 Threadneedle Street London EC2R 8AU

CHAIRMAN'S STATEMENT

YEAR TO 31 March 2017

I am pleased to present the annual report and accounts for the year ended 31 March 2017.

It has been a very progressive year for Octagonal Plc ("Octagonal" or the "Company") encompassing full 12 months trading of its wholly owned subsidiary Global Investment Strategy UK Ltd ("GIS"). GIS has again exceeded expectations for both revenue 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 GIS, the Group's operating business,

- GIS traded significantly above 2016 - Revenue up 33.3% to £5.6m (2016: £4.2m)
- GIS increased operating margin to 39.4% (2016: 25.6%)
- GIS increased pre-tax profits by 48% to £1.60m (2016: £1.08m) after exceptional charges of £0.61m.

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.
- (iii) 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 2017 GIS has delivered results above expectations and overall the Group has achieved revenues of £5.6 million (2016: £4.2 million) and operating profit of £1.926m (2016: £0.788m) a year on year increase of 33% and 144% respectively.

Profit before taxation was £1.31m (2016: £0.79m) included an exceptional impairment charge of £0.6m during the year against two of GIS's pre-RTO non-core legacy investments.

Gross margins showed an increase to 72% (2016: 69%) with operating margin also increasing to 34.4% (2016: 18.8%). Operating costs attributable to just Octagonal PLC amounted to only £173,000 (2016: £265,000).

Synergis Capital PLC contributed negatively £117,000 to group earnings before taxation as a result of our contribution to operating costs, though this had no impact on cash reserves due to third party investment in this enterprise.

Cash reserves increased to £3.8m (2016: £1.5m).

This has clearly demonstrated the Group's ability to be cash generative and profitable in such environments 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 in excess of £3.8m (2016: £1.5m), which represent more than adequate cash reserves for our current operations with Net Assets of £6.6 million (2016: £5.4 million). GIS generates the majority of its income in USD, with costs divided between Euro, principally for banking costs, and GBP for overheads.

As previously stated, we do not envisage long term implications of BREXIT having 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

The business has continued to see growth in both revenues and new client generation over this period. The Group remains focused 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 efficiencies and driving cost savings through the implementation of fintech functionality.

The new services we implemented last year have been working well and we hope to see increased revenue generation from Wealth Management, enhanced FX, Futures and Option trading activity in the current year.

GIS was in April this year approved by the FCA as an Authorised Payment Institution (API), to provide regulated payments service solutions to clients. This paves the way for the group to expand its ancillary services to its existing customers, but also to utilise these permissions to expand its product offering to attract new clients. As an API GIS can apply to establish a physical presence in any European Economic Area State to provide these services.

Our majority owned subsidiary Synergis Capital PLC has made significant progress and we will be updating shareholders separately on the progress that has been made in the near future. The principle activities of this enterprise will be to offer the investing community the opportunity to buy secured fixed rate bonds, either directly or via their IFA. The proceeds of which will be invested in commercial asset backed lending and investment grade assets. The company has attracted outside investment in excess of £1m, which has enabled us to recruit an excellent team of professionals to help support this dynamic fintech proposition, and also enable the group to leverage off its operational capabilities once again to further expand its product offerings. In the financial year to 31st March 2017 the groups earnings were impacted negatively by £117,000 as a result of our contribution to costs, though this had no impact on the groups cash reserves due to the investments made by third parties.

Our application to SFC for permission to offer type 1 and 2 regulated activities in Hong Kong and the business plan has been completed following certain board members of GIS meeting the regulatory requirements for the status as Responsible Officer. The executive board of GIS have made visits to Hong Kong to complete the mandatory regulatory exams, which were achieved successfully.

Relationships have also been established with local and regional banks to help support this business activity. The board see this as a very exciting activity for the group, but do not expect to see a significant contribution to revenue or earnings in the current financial year.

Both Synergis Capital PLC, our retail deposit bond offering, and our operations in Hong Kong offer exciting challenges for our team in the year ahead and we look forward to sharing the progress of these entities in the near future.

The Wealth management team of GIS has increased in the year to 31 March 2017 and we are now seeing a contribution to revenues in the current financial year. The board remain committed to increasing support for this activity. Enhanced FX, futures and option activity contributed marginally to revenues in the year to March 2017 though we expect to see a greater financial contribution in the current year. These remain ancillary services provided to existing clients only.

The Group has had a strong full year performance and the prospects for the coming year remain positive and the Board is confident of growing revenues and operating profitability.

Finally, I would like to thank the Board and the team as a whole 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 a General Meeting, where the Board will be seeking shareholders approval to take steps to enable the Company to declare its first dividend this year and seek approval for the option to buy back its own shares for cancellation, where the Board see this as beneficial to shareholders.

John Gunn

Chairman

31 August 2017

STRATEGIC REPORT YEAR TO 31 March 2017

The Directors present their strategic report for the Group for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activity of Octagonal is as a Financial Services group through its subsidiary Global Investment Strategy UK Ltd ("GIS") that 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 and is authorised and regulated by the Financial Conduct Authority and is a member of The London Stock Exchange.

During the year the Group set up a 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 £5.6 million (2016: £4.2 million) resulting in a pre-tax profit of £1,313,000 (2016: £791,000) a 33% and 66% increase respectively. Attributable profit for the year after tax was £1,035,000 (2016: £603,000).

The Directors do not propose a dividend (2016: £nil).

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	2017	2016	Change %
Turnover	£5,596,000	£4,202,000	+33.2%
Profit before tax	£1,313,000	£791,000	+166.0%
Gross margin	72.0%	69.3%	+2.7%
Operating profit margin	34.4%	18.8%	+83.0%

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 2017 (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 2017 (continued)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the Group's financial risk management objectives and policies are set out in Note 22 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.

John Gunn
Director

31 August 2017

DIRECTORS' REPORT

YEAR TO 31 March 2017

The Directors present their annual report and the audited financial statements of the Group for the year ended 31 March 2017.

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
Martin Davison	Non-Executive Director
Samantha Esqulant	Chief Operating Officer
John Gunn	Chief Executive Officer
Nilesh Jagatia	Chief Financial Officer / Secretary
Grant Roberts	Non-Executive Chairman

Since the year end, on 7 June 2017 Grant Roberts resigned as a director and John Gunn was appointed Interim Chairman.

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 2017, 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	297,794,931	53.16%
Martin Davison	22,065,000	3.94%

DONATIONS

The Group made charitable donations during the year of £6,000 (2016: £5,000).

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.

DIRECTORS' REPORT

YEAR TO 31 March 2017 (continued)

SIGNIFICANT SHAREHOLDINGS

On 12 August 2017 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	297,794,931	53.16%
Roger Barby	52,500,436	9.37%
Nomura PB Nominees Limited	26,075,036	4.66%
Martin Davidson	22,065,000	3.94%
Vidacos Nominees Limited	18,921,212	3.38%

POST YEAR END EVENTS

On 2 June 2017 the Company issued 2,000,000 ordinary shares of 0.05p each to a former employee of the Group in connection with the settlement of a compromise agreement. As at the closing price on 1 June 2017, this equated to £46,000 worth of Ordinary Shares.

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 value of the Quoted Companies Alliance Corporate Governance Code for Small and Mid-sized Quoted Companies, to the extent that they consider it appropriate and having regard to the size, current stage of development and resources of the Group. While under the AIM Rules full compliance is not required, the Directors believe that the Company applies the recommendations in so far as it is appropriate.

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

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 has the primary responsibility of monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It receives and reviews reports from the Group's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee meets not less than twice in each financial year and has unrestricted access to the Group's external auditors. The Audit Committee comprises Samantha Esqulant and Martin Davison, who chairs the committee.

REMUNERATION COMMITTEE

The Remuneration Committee reviews the performance of the executive directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any employee share option scheme or equity incentive plans in operation from time to time. The Remuneration Committee meets as and when necessary. In exercising this role, the directors have regard to the recommendations put forward in the QCA Guidelines and, where appropriate, the UK Corporate Governance Code guidelines. The Remuneration Committee comprises Samantha Esqulant and Martin Davison, who chairs the committee.

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.

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 31 August 2017

John Gunn
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.

By order of the Board on 31 August 2017

John Gunn
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OCTAGONAL PLC

We have audited the financial statements of Octagonal plc for the year ended 31 March 2017, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of directors' responsibilities set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

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 2017 and of the Group's profit for the year then ended;
- the Group and Parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER 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 Chairman's Statement, Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. No material misstatements in the Chairman's Statement, Strategic Report and the Director's Report have been identified.

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Jonathan Bradley-Hoare (Senior statutory auditor)

for and on behalf of Welbeck Associates

Chartered Accountants and Statutory Auditors

30 Percy Street

London, United Kingdom

W1T 2DB

31 August 2017

GROUP INCOME STATEMENT
YEAR TO 31 MARCH 2017

	Notes	2017 £'000	2016 £'000
Revenue	6	5,596	4,202
Cost of sales		(1,617)	(1,289)
Gross profit		3,979	2,913
Administrative expenses		(2,053)	(2,125)
Operating profit	7	1,926	788
Other gains and losses	10	(613)	-
Finance income		-	4
Finance costs		-	(1)
Profit before tax		1,313	791
Tax	11	(311)	(188)
Profit for the year		1,002	603
Attributable to:			
Shareholders in the parent company		1,035	603
Non-controlling interests		(33)	-
		1,002	603
Earnings per share attributable to owners of the parent company			
Basic and diluted (pence per share)			
From continuing and total operations	12	0.185	0.135

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 £139,000 (2016: £864,000).

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

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Notes	GROUP		COMPANY	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
Non-Current assets					
Goodwill	13	2,869	2,869	-	-
Other intangible assets		50	-	-	-
Property, plant and equipment	15	62	55	-	-
Investment in subsidiaries	16	-	-	9,137	9,137
Deferred tax asset		65	-	-	-
		3,046	2,924	9,137	9,137
Current assets					
Investments held at fair value through profit and loss	17	126	689	-	-
Trade and other receivables	18	327	705	73	112
Cash and cash equivalents	19	3,813	1,552	-	1
		4,266	2,946	73	113
Current liabilities					
Trade and other payables	20	286	270	474	375
Current tax liabilities		389	213	-	-
Borrowings	21	-	2	-	-
		675	485	474	375
Net assets		6,637	5,385	8,736	8,875
Equity					
Share capital	23	1,104	1,104	1,104	1,104
Share premium account	23	3,669	3,669	3,669	3,669
Reverse acquisition reserve		679	679	-	-
Merger reserve		-	-	6,555	6,555
Investment reserve		-	-	110	110
Share option and warrant reserve		-	-	-	-
Retained earnings		1,148	(67)	(2,702)	(2,563)
Equity attributable to owners of the Company		6,600	5,385	8,736	8,875
Non-controlling interests		37	-	-	-
Total equity		6,637	5,385	8,736	8,875

These financial statements were approved by the Board of Directors on 31 August 2017.

Signed on behalf of the Board by:

John Gunn
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 2017

	Share capital £'000	Share Premium £'000	Reverse acquisition reserve £'000	Retained earnings £'000	Equity attributable to owners of the Company £'000	Non- controlling interests	Total equity £'000
Balance at 1 April 2015	2,613	-	-	(670)	1,943	-	1,943
Total comprehensive income for the year	-	-	-	603	603	-	603
Adjustment for reverse acquisition	(1,552)	2,109	679	-	1,236	-	1,236
Proceeds of share issues	43	1,657	-	-	1,700	-	1,700
Share issue costs	-	(97)	-	-	(97)	-	(97)
Balance at 31 March 2016	1,104	3,669	679	(67)	5,385	-	5,385
Total comprehensive income for the year	-	-	-	1,035	1,035	(33)	1,002
Adjustment arising from change in non-controlling interest	-	-	-	180	180	70	250
Balance at 31 March 2017	1,104	3,669	679	1,148	6,600	37	6,637

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

COMPANY STATEMENT OF CHANGES IN EQUITY

YEAR TO 31 MARCH 2017

	Share capital £'000	Share Premium £'000	Merger Reserve £'000	Investment reserve £'000	Share option and warrant reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2015	878	1,713	-	-	318	(1,699)	1,210
Total comprehensive expense for the year	-	-	-	110	-	(864)	(754)
Issue of share capital	226	2,053	6,555	-	(318)	-	8,516
Share issue costs	-	(97)	-	-	-	-	(97)
Balance at 31 March 2016	1,104	3,669	6,555	110	-	(2,563)	8,875
Total comprehensive expense for the year	-	-	-	-	-	(139)	(139)
Balance at 31 March 2017	1,104	3,669	6,555	110	-	(2,702)	8,736

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

GROUP AND COMPANY STATEMENTS OF CASH FLOWS

YEAR TO 31 MARCH 2017

	GROUP		COMPANY	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
OPERATING ACTIVITIES				
Profit/(loss) for the year before taxation	1,313	791	(173)	(897)
Adjusted for:				
Finance expense	-	1	-	-
Finance income	-	(4)	-	(2)
Depreciation	21	18	-	-
Shares issued in settlement of fees	-	-	-	46
Investment impairment	613	-	-	-
Loss/(gain) on disposal of investments	-	-	-	(9)
Operating cash flows before movements in working capital	1,947	806	(173)	(862)
(Increase)/Decrease in trade and other receivables	167	308	73	255
Increase/(decrease) in trade and other payables	149	117	(24)	232
Net cash from / (used in) operations	2,263	1,231	(124)	(375)
Tax paid	(200)	-	-	-
Net cash from / (used in) operating activities	2,063	1,231	(124)	(375)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(28)	(8)	-	-
Development costs	(50)	-	-	-
Purchase of investments	(50)	(50)	-	(1,500)
Payment to shareholders as part of reverse acquisition (Note 14)	-	(1,500)	-	-
Disposal of investments	-	-	-	78
Loan to a related party	-	(76)	-	-
Related party repayment of loan	76	-	-	-
Finance income received	-	4	-	2
Net cash used in investing activities	(52)	(1,630)	-	(1,420)
FINANCING ACTIVITIES				
Net proceeds from share issues	-	1,603	-	1,650
Non-controlling interest investment	250	-	-	-
Increase in interco loan	-	-	123	-
Interest paid	-	(1)	-	-
Net cash from financing activities	250	1,602	123	1,650
Net (decrease)/increase in cash and cash equivalents	2,261	1,203	(1)	(145)
Cash and cash equivalents at beginning of year	1,552	349	1	146
Cash and cash equivalents at end of year	3,813	1,552	-	1

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

NOTES TO THE GROUP FINANCIAL STATEMENTS

YEAR TO 31 MARCH 2017

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

The financial statements comply with IFRS as adopted by the European Union. The following new and revised Standards and Interpretations have been adopted in the current period by the Company for the first time and do not have a material impact on the group.

IFRS 12 - Disclosures of interests in other entities

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and not early adopted. None of these are expected to have a significant effect on the financial statements of the Company.

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.

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

YEAR TO 31 MARCH 2017

3 ACCOUNTING POLICIES (continued)

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 (continued)

YEAR TO 31 MARCH 2017

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 (continued)

YEAR TO 31 MARCH 2017

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 (continued)

YEAR TO 31 MARCH 2017

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 (continued)

YEAR TO 31 MARCH 2017

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 (continued)

YEAR TO 31 MARCH 2017

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 (continued)

YEAR TO 31 MARCH 2017

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.

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.

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

YEAR TO 31 MARCH 2017

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:

	2017 £'000	2016 £'000
Commissions	3,908	3,260
Share sales	-	-
Corporate finance and advisory	1	130
Special charges and recharges	1,687	812
	5,596	4,202

7 OPERATING PROFIT

	2017 £'000	2016 £'000
Operating loss is stated after charging:		
Staff costs as per Note 9 below	917	918
Depreciation of property, plant and equipment	20	18
Operating lease rentals	198	134
Write downs of VAT receivable	-	56
Net foreign exchange (gain)/loss	(20)	(11)

8 AUDITORS' REMUNERATION

The analysis of auditors' remuneration is as follows:

	2017 £'000	2016 £'000
Fees payable to the Group's auditors for the audit of the Group's annual accounts	20	14
	20	14

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)
YEAR TO 31 MARCH 2017

9 STAFF COSTS

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

	2017	2016
	No.	No.
Group total staff	13	13

	2017	2016
	£'000	£'000
Wages and salaries	859	865
Social security costs	58	53
	917	918

Directors' emoluments were as follows:

	2017	2017	2017	2016
	Directors	Other	Total	Total
	fees	emoluments		
	£'000	£'000	£'000	£'000
CURRENT DIRECTORS				
Grant Roberts	12	-	12	9
John Gunn	12	282	294	223
Nilesh Jagatia	18	8	26	10
Samantha Esqulant	12	94	106	34
Martin Davison	12	-	12	9
PREVIOUS DIRECTORS				
Jason Charles Berry	-	-	-	45
David Lenigas	-	-	-	45
Donald Strang	-	-	-	50
	66	384	450	425

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 (continued)
YEAR TO 31 MARCH 2017

10 OTHER GAINS AND LOSSES

	2017	2016
	£'000	£'000
Impairment of investments	613	-

11 TAXATION

	2017	2016
	£'000	£'000
Current tax charge	376	188
Deferred tax (release) / charge	(65)	-
	311	188

Reconciliation of tax charge:

	Continuing operations	
	2017	2016
	£'000	£'000
Profit before tax	1,313	791
Tax at the UK corporation tax rate of 20% (2016: 20%)	263	158
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit:	29	28
Short term timing differences	(1)	2
Unutilised tax losses	20	-
Tax charge for period	311	188

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 (continued)

YEAR TO 31 MARCH 2017

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 2016 assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	2017	2016
Profit attributable to owners of the Group	£1,035,000	£603,000
Weighted average number of ordinary shares in issue for basic and fully diluted earnings*	560,226,886	448,057,989
EARNINGS PER SHARE (PENCE PER SHARE)		
BASIC AND FULLY DILUTED*:	0.185p	0.135p

13 GOODWILL

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

	2017	2016
	£'000	£'000
At 1 April	2,869	-
Arising on acquisition of GIS	-	2,869
At 31 March	2,869	2,869

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 2017 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	Total
	£'000	£'000
As at 1 April 2015 and 2016	-	-
Additions	50	50
As at 31 March 2017	50	50

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)
YEAR TO 31 MARCH 2017

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 1 April 2015	28	12	-	63	103
Additions	2	-	6	-	8
As at 31 March 2016	30	12	6	63	111
Additions	26	2	-	-	28
As at 31 March 2017	56	14	6	63	139
<i>Depreciation</i>					
As at 1 April 2015	12	10	-	16	38
Charge for the year	4	-	2	12	18
As at 31 March 2016	16	10	2	28	56
Charge for the year	9	2	2	8	21
As at 31 March 2017	25	12	4	36	77
<i>Net book value</i>					
As at 31 March 2017	31	2	2	27	62
As at 31 March 2016	14	2	4	35	55

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £'000	2016 £'000
Motor vehicles	-	11

16 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

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

COMPANY	2017 £'000	2016 £'000
Cost and net book value		
At 1 April	9,137	-
Reclassified from available for sale investments	-	804
Additions	-	8,223
Fair value adjustment	-	110
As at 31 March	9,137	9,137

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)
YEAR TO 31 MARCH 2017

16 INVESTMENT IN SUBSIDIARY UNDERTAKINGS (continued)

All principal subsidiaries of the Group are consolidated into the financial statements. At 31 March 2017 the subsidiaries were as follows:

Subsidiary undertakings	Country of registration	Principal activity	Holding	Holdin g %
*Global Investment Strategy UK Limited	UK	Financial services	Ordinary shares	100%
**Synergis Capital Limited	UK	Financial services	Ordinary shares	72%

*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.

17 AVAILABLE-FOR-SALE INVESTMENTS

	GROUP		COMPANY	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Investments at fair value at 1 April	689	568	-	873
Purchases	50	50	-	-
Accrued interest	-	71	-	-
Reclassified as investment in subsidiary	-	-	-	(804)
Impairment of investments	(613)	-	-	-
Disposals	-	-	-	(69)
	126	689	-	-
Fair value adjustments to investment	-	-	-	-
Fair value of investments at 31 March	126	689	-	-
Categorised as:				
Level 1 Investments	106	416	-	-
Level 3 Investments	20	273	-	-
	126	689	-	-
Classed as:				
Non-current assets	-	-	-	-
Current assets	126	689	-	-
	126	689	-	-

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 2017 or 2016.

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)

YEAR TO 31 MARCH 2017

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	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
At 1 April	273	202	-	804
Purchases	-	-	-	-
Reclassified as Investment in Subsidiary	-	-	-	(804)
Accrued interest	-	71	-	-
Impairment of investment	(253)	-	-	-
At 31 March	20	273	-	-

Investments held by the Company as Level 3 investments in 2015 were reclassified to "Investment in Subsidiary" in the 2016 period. During the 2015 period the Company held a position in unquoted securities that did not exert significant influence, as such they were classified as "Available for Sale" Level 3 financial assets. During the 2016 period the position held in the unquoted securities changed to a controlling stake in the investment. As a result, the classification of the investment moved from "Available for Sale Investments" to "Investment in Subsidiary" (Note 16).

CITY GOLF CLUBS LIMITED

The Group holds 50,000 preference shares and 107 ordinary shares in City Golf Clubs Limited ("City Golf Clubs") together with a loan owing to GIS in the amount of £160,763.34. The loan carries interest of 16% per annum and is repayable on demand.

Since the year-end City Golf Clubs Limited has appointed an administrator and the Directors consider that the recoverable fair value of the investment is £20,000.

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)
YEAR TO 31 MARCH 2017

18 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Prepayments and accrued income	9	26	-	13
Trade receivables	91	132	-	-
Other receivables	134	360	73	99
Loans receivable	93	187	-	-
	327	705	73	112

Balances with the related parties are disclosed in note 25.

Also included in loans receivable is an amount of £93,000 (2016: £111,000) 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.

19 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Cash and cash equivalents	3,813	1,552	-	1
	3,813	1,552	-	1

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

20 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade payables	88	131	17	57
Interco loan	-	-	393	270
Other payables	87	27	-	-
Accrued expenses	111	112	64	48
	286	270	474	375

Balances with the related parties are disclosed in note 25.

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)
YEAR TO 31 MARCH 2017

21 BORROWINGS

	GROUP		COMPANY	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Net obligations under hire purchase contracts and finance leases	-	2	-	-
Classified as:				
Short term - within one year	-	2	-	-
Long term - 1-2 years	-	-	-	-
	-	2	-	-

The Directors consider the carrying amount of short term borrowings approximates to their fair value.

22 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:

	2017 £'000	2016 £'000
Financial assets:		
Cash and cash equivalents	3,813	1,552
Available for sale investments	126	689
Loans and receivables	184	319
	4,123	2,560

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:

	2017 £'000	2016 £'000
Financial liabilities at amortised cost:		
Trade and other payables	119	133
Short term borrowings	-	2
	119	135

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)
YEAR TO 31 MARCH 2017

22 FINANCIAL INSTRUMENTS (continued)

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.

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:

	2017	2016
	£'000	£'000
USD	4,234	(15,669)
HKD	-	5,124
EUR	274	1,379
Other	20	2

Sensitivity analysis

The Group is mainly exposed to USD / GBP and EUR / GBP exchange rates (2016: USD / GBP, HKD / 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	
	2017	2016	At 31 March	
Effect of 5% decrease in value of GBP	£'000	£'000	2017	2016
USD	211	(746)	1.253	1.438
HKD	-	244	9.741	11.154
EUR	14	66	1.172	1.263
Effect of 5% increase in value of GBP				
USD	(211)	746	1.253	1.438
HKD	-	(244)	9.741	11.154
EUR	(14)	(66)	1.172	1.263

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 (continued)
YEAR TO 31 MARCH 2017

22 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 £4,131,000 (2016: £1,871,000) 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.

23 CALLED UP SHARE CAPITAL

	Deferred shares of 0.5p		Ordinary shares of 0.05p		Share premium
	Number of shares	Nomin al value £'000	Number of shares	Nomin al value £'000	£'000
ISSUED AND FULLY PAID:					
At 31 March 2015	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)
At 31 March 2016 and 2017	164,718,820	824	560,226,886	280	3,669

The restricted rights of the deferred shares are such that they have no economic value.

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)
YEAR TO 31 MARCH 2017

24 EVENTS AFTER THE REPORTING PERIOD

There have been no material events since the year end.

25 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.

	2017	2016
	£'000	£'000
Short term employee benefits	445	440
Termination benefits	-	90
	445	530

Short term employee benefits include payments made to personal service companies of key management during the year totalled £345,000 (2016: £279,000).

Balances with the directors at the year end are:

	2017	2016
	£'000	£'000
Directors' remuneration payable	64	9
Loan (payable to) / receivable from John Gunn (included in other payables / other receivables)	-	26

TRANSACTIONS WITH OTHER RELATED PARTIES

During the year 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:

	2017	2016
	£'000	£'000
Total (reversal) / charges in year (including VAT)	(44)	57
Amount due from Inspirit at 31 March (included in trade and other debtors)	123	99

Inspirit paid £34,000 of the outstanding balance after the year end.

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

NOTES TO THE GROUP FINANCIAL STATEMENTS (continued)
YEAR TO 31 MARCH 2017

26 CONTRACTUAL OBLIGATIONS

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

	2017	2016
	£'000	£'000
Payable within 1 year	130	118
Payable within 2-5 years	43	173
Payable after 5 years	-	-
	173	291

27 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group had no capital commitments or contingent liabilities as at the year end (2016: £nil).

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.