

# Sure Ventures plc

## Annual Report and Audited Financial Statements

For the period from 21 June 2017 (date of incorporation) to 31 March 2018

Company Number: 10829500

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# 1 Investment Objective, Policy and Performance Summary

## Investment Objective

The investment objective of the Company is to achieve capital growth for investors.

## Investment Policy

The investment policy of the Company is to seek exposure to early stage technology companies, with a focus on software-centric businesses in three chosen target markets:

- Augmented reality and virtual reality (AR/VR)
- Financial technology (FinTech)
- The internet of things (IoT)

The Company may invest directly in investee companies or obtain exposure to such companies through investment in collective investment vehicles, including the Suir Valley Ventures (a sub-fund of Suir Valley Funds ICAV) and any further funds, which have investment policies that are complementary to those of the Company.

## Performance Summary

	<b>31 March 2018</b>
<b>Number of ordinary shares in issue</b>	3,310,000
<b>Market capitalisation</b>	
- Ordinary shares (in sterling)	3,541,700
<b>Net asset value ("NAV") attributable to ordinary shareholders</b>	
- Ordinary shares	£3,049,160
<b>NAV per share attributable to ordinary shareholders</b>	
- Ordinary shares (in sterling)	92.12p
<b>Ordinary share price (bid price)</b>	
in sterling	107.00p
<b>Ordinary share price premium to NAV</b>	
in sterling	16.15%
<b>Investments held at fair value through profit and loss</b>	£739,258
<b>Cash and cash equivalents</b>	£1,663,505

### Dividend History

There were no dividends paid during the period.

## Listing Information

The Company's shares are admitted to trading on the Specialist Fund Segment (SFS) of the London Stock Exchange.

The ISIN number for the GBP shares is GB00BYWYZ460, Ticker: SURE.

## Website

The Company's website address is <http://www.sureventuresplc.com>.

# 2 Chairman's Statement

# Chairman's Statement

Dear Shareholders.

On behalf of my fellow directors, I am delighted to present the first set of annual results for Sure Ventures plc (Company) covering the period from 21 June 2017 (the date of the Company's incorporation) to 31 March 2018.

## FINANCIAL PERFORMANCE

In the period to 31 March 2018 the Company's performance has been in line with expectations with a net asset value total return of -7.88%.

The profitability of the Company in the period since incorporation has been impacted by the realisation of all fund related formation costs in this first period of trading recognised in the Statement of Comprehensive Income in accordance with International Financial Reporting Standards.

This impact was tempered by the positive performance in fair value of the Company's investment in Suir Valley Ventures which at 31 March 2018 was the Company's sole investment. This uplift was driven by the flotation of shares in one of its underlying investee companies in the VR/AR sector, which was well received in the market and has continued to perform positively.

Further detail is provided in the report of the Investment Manager and Business Review which follows this statement.

## DIVIDEND

During the Period to 31 March 2018, the Company has not declared a dividend. Pursuant to the Company's dividend policy the directors intend to manage the Company's affairs to achieve shareholder returns through capital growth rather than income. The Company does not expect to receive a material amount of dividends or other income from its direct or indirect investments. It should not be expected that the Company will pay a significant annual dividend, if any.

## GEARING

The Company may deploy gearing of up to 20% of net asset value (calculated at the time of borrowing) to seek to enhance returns and for the purposes of capital flexibility and efficient portfolio management. The Company's gearing is expected to primarily comprise bank borrowings, but may include the use of derivative instruments and such other methods as the board may determine. During the period to 31 March 2018 the Company did not employ any borrowing.

The board will continue to review the Company's borrowing, in conjunction with the Company's investment Manager on a regular basis pursuant with the Company's overall cash management and investment strategy.

## OUTLOOK

The Investment Manager's Report and Business Review following this Statement give further detail on the affairs of the Company. The board is confident of the long-term prospects for the Company in pursuit of its investment objective.

### **Sean Nicolson**

Chairman  
30 July 2018

# 3 Investment Manager's Report

# Investment Manager's Report

## THE COMPANY

Sure Ventures plc has been established to enable investors to gain access to early stage technology companies in the three exciting and expansive market verticals of augmented reality and virtual reality (AR/VR), the internet of things (IoT) and financial technology (FinTech).

The Company expects to gain access to deal flow ordinarily reserved for venture capital funds and ultra-high net worth angel investors, establishing a diversified software-centric portfolio with a clear strategy. Listing the fund on the London Stock Exchange should offer investors:

- Liquidity
- A quoted share price
- A high level of corporate governance.

It is often too expensive, too risky and too labour intensive for investors to build a portfolio of this nature themselves. We are leveraging the diverse skillsets of an experienced management team who have the industry network to gain access to quality deal flow, the expertise to complete extensive due diligence in target markets and the entrepreneurial skills to help these companies to mature successfully. Those investing in our fund will get exposure to Suir Valley Ventures which in turn makes direct investments in the above sectors in the Republic of Ireland.

### Augmented Reality & Virtual Reality

The AR/VR market is evolving at a rapid pace. The market is expected to grow into a US\$108 billion industry within the next five years.[1] Significant investment in hardware capability and headset development has been made by major industry players such as Facebook (through its Oculus division), Microsoft, Sony (through its PlayStation division), HTC, Samsung and others. This investment has ignited a new and exciting industry within the technology sector. Hardware manufacturers and AR/VR users are now searching for software capabilities/support and content, and we believe that exposure to this industry via the Company and direct investment into software companies in the space will offer significant upside potential for investors. Through our network of technology accelerators, angel investor partners and industry contacts in the AR/VR space, we expect to have a strong chance of discovering the industry leaders of tomorrow.

### Internet of Things

The Internet of Things (IoT) as a segment of the market is a broad investment area, but is defined as the interconnection via the internet of computing devices embedded in everyday objects enabling them to send and receive data. The market was estimated to be worth US\$120 billion dollars in 2016 and is predicted to reach a size of US\$253 billion by 2021[2]. The global growth and advancement of internet coverage, the increased speed and capability of connectivity and the mass market penetration of smartphones/tablet sales has opened up significant opportunities for software companies. Businesses from many industries are embracing the efficiencies, cost savings and the "direct to consumer" penetration this technological advancement has offered. We see continued growth in this area and believe that investor returns will benefit from exposure to the space.

### FinTech

FinTech as an industry segment that has grown significantly and continues to do so at a rapid pace. It has a transaction value that's estimated to be US\$2.6 trillion US dollars. The market is predicted to expand to a size of US\$6.9 trillion in the next 5 years, which represents a transaction value at a compound annual growth rate of 20.5%[3]. The banking, finance and insurance industries are increasingly accepting and embracing the efficiencies and benefits of technology. Ever changing financial regulation, cyber security requirements and payment trends are driven by technological advancement. We continue to see new and exciting deal flow in this area and believe that this market segment will continue to develop at pace. We believe that investors looking for exposure to the emerging software technology market should include a FinTech element in their investment strategy.

[1] eDigi-Capital, 2017

[2] Zinnov Zones 2016 – Internet Of Things Technology Services

[3] Statistica, June 2017



## PORTFOLIO BREAKDOWN

On 17 January 2018 the placing of 3.31m ordinary shares of Sure Ventures plc was concluded, following an extensive fundraising programme undertaken by us. The ordinary shares were admitted to trading on the Specialist Fund Segment of the London Stock Exchange on 19 January 2018 under the ISIN: GB00BYWYZ460. Subsequently, on 6 February 2018, Sure Ventures entered into a €4.5m commitment to Suir Valley Ventures, the sole sub-fund of Suir Valley Funds ICAV and its investment was equalised into the sub-fund at that date. The first drawdown of this commitment was made on 5 March 2018. As detailed in the Statement of Position included in the following financial statements, this was the sole investment of Sure Ventures plc as at 31 March 2018.

### SUIR VALLEY FUNDS ICAV

Suir Valley Funds ICAV (the "ICAV") is a close-ended Irish collective asset-management vehicle with segregated liability between sub-funds incorporated in Ireland pursuant to the Irish Collective Asset-management Vehicles Act 2015 and constituted as an umbrella fund insofar as the share capital of the ICAV is divided into different series with each series representing a portfolio of assets comprising a separate sub-fund.

The ICAV was registered on 18 October 2016 and authorised by the Central Bank of Ireland as a qualifying investor alternative investment fund ("QIAIF") on 10 January 2017. The initial sub-fund of the ICAV is Suir Valley Ventures (the "Fund"), which had an initial closing date of 1 March 2017. The Fund intends to invest in a broad range of software companies but with a focus on companies in the AR/VR, FinTech and IoT sectors.

As at 31 March 2018 the Fund had commitments totalling €15.3m and had made five direct investments into companies spanning the AR/VR and IoT sectors. On 12 March 2018, Immersive VR Education Limited, the Fund's first investment, completed a flotation on the London Stock Exchange (AIM) and the Dublin Stock Exchange (ESM). The public company is now called VR Education Holdings PLC – ticker VRE. VRE was the first software company to list on the ESM since that market's inception.

## PERFORMANCE

During the period from commencement of Operations to 31 March 2018 the Company has made a total return on net asset value per share of -7.88%. This return is in line with expectation and can be attributed primarily to the recognition of one-off Company formation costs and placing fees. Formation costs are included in other expenses in the Statement of Comprehensive Income included in the financial statements which follow. These costs were tempered by an uplift in the fair value of the Company's investment in the Fund, included as other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss in the Statement of Comprehensive Income.

## FUTURE INVESTMENT OUTLOOK

Pursuant to the prospectus of the Company, in addition to investing in the Fund, Sure Ventures plc may, in pursuit of its investment objective, invest directly in investee companies. On 24 April 2018 the Company announced a £500,000 direct investment in Immotion Group Limited, a UK-based company focused on creating superior out-of-home immersive VR experiences in Europe and the USA.

This first direct investment complements the Company's investment in the Fund in pursuit of the Company's investment objective.

We remain positive about the future outlook of the Company in the forthcoming financial year.

### **Shard Capital AIFM LLP**

Investment Manager

30 July 2018

# 4 Strategic Report

# Business Review

The strategic report on pages 8 to 15 has been prepared to help shareholders assess how the Company operates and how it has performed. The strategic report has been prepared in accordance with the requirements of Section 414 A-D of the Companies Act 2006 (the “Act”) and best practice. The business review section of the strategic report discloses the Company’s risks and uncertainties as identified by the board, the key performance indicators used by the board to measure the Company’s performance, the strategies used to implement the Company’s objectives, the Company’s environmental, social and ethical policy and the Company’s future developments.

## PRINCIPAL ACTIVITY

The Company carries on business as an investment trust and its principal activity is to invest in companies in accordance with the Company’s investment policy with a view to achieving its investment objective.

## STRATEGIC AND INVESTMENT POLICY

### Investment Policy

#### Asset allocation

The investment policy of the Company is to seek exposure to early stage technology companies, with a focus on software-centric businesses in three chosen target markets:

- \* Augmented reality and virtual reality (AR/VR)
- \* Financial technology (FinTech)
- \* The internet of things (IoT)

The Company may invest directly in investee companies or obtain exposure to such companies through investment in collective investment vehicles, including Suir Valley Ventures (the “Fund”) and any further funds, which have investment policies that are complementary to that of the Company. Investments may be made using such instruments as the Company in conjunction with Shard Capital AIFM LLP may determine but are expected to predominantly comprise equities and equity-linked securities (including shares, preference shares, convertible debt instruments, payment-in-kind notes, debentures, warrants and other similar securities) and may include derivative instruments, contractual rights and other similar interests that grant the Company rights equivalent or similar to those conferred by equity and equity linked securities.

The Company may implement its investment policy by investing in class A shares of the Fund and by investing in any further funds and collective investment vehicles managed by third parties. The Company will have discretion as to how to make investments, although it is anticipated that investments in the Fund will represent between 10 and 100% of the Company’s portfolio at any given time, and that investments in any further funds and collective investment vehicles managed by third parties may similarly constitute a material proportion of the Company’s net asset value subject to the Company’s investment restrictions.

## DIVERSIFICATION

The Company will seek to hold a diversified portfolio of investments and, once the assets of the Company, the Fund and any other collective investment vehicles through which the Company invests are each fully invested, expects to have a direct or indirect holding of between 10 and 25 investments. It is intended that the Company would ordinarily acquire a significant interest, consisting generally of between 20 and 50% of an investee company’s equity capital. The Company does not envisage taking management control of a portfolio company other than in exceptional circumstances and on a temporary basis, and only if it is considered that such action would be necessary to secure the interests of the Company. The Company will not seek to invest directly in quoted companies. However, portfolio companies may seek a flotation in which case: (i) the Company may continue to hold such investments without restriction; and (ii) the Company may make follow-on investments in such portfolio companies.

The Company’s investments will not be constrained by geographical limits. However, it is expected that the Company’s portfolio will predominantly be exposed to companies that have their principal operations in the UK, Republic of Ireland or elsewhere in the EEA. In addition, the Company will aim to satisfy the following guideline criteria for its portfolio:

- no more than 15% of the Company’s NAV in a single investment
- no more than 60% of the Company’s NAV invested in a further fund or collective investment vehicle managed by a third party
- invest in a further fund or collective investment vehicle managed by a third party only if such further fund or collective investment vehicle has an investment policy that is consistent with the investment policy of the Company

- no investment in companies whose primary business is acquisition or development of real estate
- no investments in real estate assets
- no more than 15% of the Company's NAV to a counterparty in relation to the utilisation of derivatives (including for investment and hedging purposes)

## BORROWING

The Company may borrow (through bank or other facilities) a maximum of 20% of net asset value in aggregate (calculated at the time of borrowing) to seek to enhance returns and for the purpose of capital flexibility and efficient portfolio management. The Company's gearing is expected to primarily comprise bank borrowings but may include the use of derivative instruments and such other methods as the board may determine. The board will review the Company's borrowing policy, in conjunction with Shard Capital AIFM LLP, on a regular basis.

## HEDGING

Fluctuations in interest rates are influenced by factors outside the Company's control, and can adversely affect the Company's results and profitability in a number of ways. The Company's investment in the Fund will be denominated in euros. The Company may use derivatives, including forward foreign exchange contracts and contracts for difference, to seek to hedge against any currency risk between the currency of the Company's investment in the Fund and sterling, the base currency of the Company. Shareholders should note that there is no guarantee that such hedging arrangements will be utilised or, if so, will be successful.

## CASH MANAGEMENT

The Company may hold cash on deposit and may invest in cash equivalent investments, including short-term investments in money market type funds, tradeable debt securities and government bonds and securities ("Cash and Cash Equivalents"). There is no restriction on the amount of Cash and Cash Equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant cash or cash equivalent position instead of being fully or near fully invested. In order to efficiently allocate all of the Company's available funds, the Company may make short and medium term investments in relatively liquid assets that are in accordance with the Company's investment policy ("Liquid Investments"). Such Liquid Investments may include shares, bonds and other debt instruments issued by companies as well as shares, units or other interests in collective investment schemes, other investment funds, exchange traded funds and fixed income investments. Prior to the full drawdown of the Company's commitment to the Fund, the cash held by the Company will be utilised in accordance with the Company's stated investment policy and cash management policy. The directors, on advice from the Manager, consider that it is the interests of shareholders for the cash held by the Company in respect of its commitment to the Fund to potentially be available for investment in suitable investment opportunities pending drawdown by the Fund.

As at 31 March 2018 the Company held £1,663,505 of its assets in cash. This level of cash was the net result of the new share issue which completed on 17 January 2018, investment in the Fund and expenses incurred to date.

## FUTURE DEVELOPMENTS

While the future performance of the Company is dependent, to a large degree, on the performance of the Fund which, in turn, is subject to many external factors, the board's intention is that the Company will continue to pursue its stated investment objective as outlined on page 2. The Company's future developments and outlook are discussed in more detail in the Chairman's Statement on page 4 and the Investment Manager's Report on page 6 - 7.

## PREMIUM/DISCOUNT MANAGEMENT

The board closely monitors the premium or discount at which the Company's ordinary shares trade in relation to the Company's underlying net asset value and takes action accordingly. Throughout the period under review the Company's ordinary shares traded at a premium to its underlying net asset value. The board is of the view that an increase of the Company's ordinary shares in issue provides benefits to shareholders, including a reduction in the Company's administrative expenses on a per share basis and increased liquidity in the Company's shares.

The board is seeking to renew its authority to allot ordinary shares at the forthcoming Annual General Meeting ("AGM").

The board believes that it is in shareholders' best interests to prevent the Company's shares trading at a discount to net asset value because shareholders will be unable to realise the full value of their investments.

As a means of controlling the discount at which the shares may, from time to time, trade, the Company has been authorised to buy back ordinary shares up to a maximum of 14.99% of the shares issued following the flotation, which equates to 496,169 shares. This authority will expire at the conclusion of the Company's first AGM. As the Company's shares traded at a premium to net asset value throughout the period under review, no repurchases were undertaken. At the forthcoming AGM the board intends to propose that its authority to buy back ordinary shares is renewed.

## CORPORATE AND OPERATIONAL STRUCTURE

### Operational and portfolio management

The Company has outsourced its operations and portfolio management to various service providers as detailed below:

- Shard Capital AIFM LLP has been appointed as the Company's manager (the "Manager") and Alternative Investment Fund Manager ("AIFM") for the purposes of the Alternative Investment Fund Managers Directive ("AIFMD");
- Apex Fund Services (Ireland) Limited has been appointed to act as the Company's company secretary and administrator;
- Indos Financial Limited has been appointed to act as the Company's depository;
- Computershare Investor Services plc has been appointed as the Company's registrar;
- Shard Capital Partners LLP has been appointed to act as the Company's placing agent; and
- PKF Littlejohn LLP has been appointed to act as the Company's auditors.

### Alternative Investment Fund Managers Directive

In accordance with the AIFMD, the Company has appointed Shard Capital AIFM LLP to act as the Company's AIFM for the purposes of the AIFMD. The AIFM ensures that the Company's assets are valued appropriately in accordance with the relevant regulations and guidance. In addition, the Company has appointed Indos Financial Limited as depository, to provide custody services to the Company as required by the AIFMD.

### Donations

The Company made no political or charitable donations during the period under review to organisations either within or outside the EU.

### Environment, human rights, employee, social and community issues

The Company is required by law to provide details of environmental matters (including impact of the Company's business on the environment), employee, human rights, social and community issues (including information about any policies it has in relation to these matters and the effectiveness of those policies). The Company does not have any employees and the board comprises non-executive directors. As an investment trust, its activities do not have any direct impact on the environment. The Company aims to minimise any detrimental effect that its actions may have by adhering to applicable social legislation, and as a result does not maintain specific policies in relation to these matters.

The Company has no operations and therefore no greenhouse gas emissions to report nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and directors' Reports) Regulations 2013, including those within its underlying investment portfolio. However, the Company believes that high standards of corporate social responsibility such as the recycling of paper waste will support its strategy and make good business sense.

In carrying out its investment activities and in relationships with suppliers, the Company aims to conduct itself responsibly, ethically and fairly.

## BOARD DIVERSITY

The board consists of three non-executive directors, none of whom are female. The board seeks to appoint new directors on the basis of merit as a primary consideration, with the aim of bringing an appropriate range of skills and experience together.

# Principal Risks and Uncertainties

The board has carried out a robust assessment of its risks and controls as detailed below. The day-to-day risk management functions of the Company have been delegated to Shard Capital AIFM LLP, which reports to the board.

## OPERATIONAL RISKS

### Third Party Service Providers

The Company has no employees and the directors have all been appointed on a non-executive basis. Whilst the Company has taken all reasonable steps to establish and maintain adequate procedures, systems and controls to enable it to comply with its obligations, the Company is reliant upon the performance of third party service providers for its executive function. In particular, the manager, depositary, administrator and registrar amongst others, will be performing services which are integral to the day-to-day operation, including IT, of the Company.

The termination of service provision by any service provider, or failure by any service provider to carry out its obligations to the Company, or to carry out its obligations to the Company in accordance with the terms of its appointment, could have a material adverse effect on the Company's operations and its ability to meet its investment objective.

#### Mitigation

Day-to-day oversight of third party service providers is exercised by the Manager and reported to the board on a quarterly basis. As appropriate to the function being undertaken, each of the service providers is subject to regular performance and compliance monitoring. The performance of Shard Capital AIFM LLP (the 'Manager') in its duties to the Company is subject to ongoing review by the board on a quarterly basis as well as formal annual review by the Company's management engagement committee.

The appointment of each service provider is governed by agreements which contain the ability to terminate each of these counterparties with limited notice should they continually or materially breach any of their obligations to the Company.

### Reliance on key individuals

The Company will rely on key individuals at the Manager to identify and select investment opportunities and to manage the day-to-day affairs of the Company. There can be no assurance as to the continued service of these key individuals at the Manager. The departure of key individuals from the Manager without adequate replacement may have a material adverse effect on the Company's business prospects and results of operations. Accordingly, the ability of the Company to achieve its investment objective depends heavily on the experience of the Manager's team, and more generally on the ability of the Manager to attract and retain suitable staff.

#### Mitigation

The interests of the Manager are closely aligned with the performance of the Company through the management and performance fee structures in place and direct investment by certain key individuals of the Manager. Furthermore, investment decisions are made by a team of professionals, mitigating the impact loss of any single key professional within the Manager's organisation. The performance of the Manager in its duties to the Company is subject to ongoing review by the board as well as formal annual review by the management engagement committee.

### Fluctuations in the market price of Issue Shares

The market price of the issued shares may fluctuate widely in response to different factors and there can be no assurance that the issued shares will be repurchased by the Company even if they trade materially below their net asset value. Similarly, the shares may trade at a premium to net asset value whereby the shares can trade on the open market at a price that is higher than the value of the underlying assets. There can be no assurance, express or implied, that shareholders will receive back the amount of their investment in the issued shares.

## Mitigation

The Manager and the board closely monitor the level of discount or premium at which the shares trade on the open market. The Company may purchase the shares in the market with the intention of enhancing the net asset value per ordinary share, however there can be no assurance that any purchases will take place or that any purchases will have the effect of narrowing any discount to net asset value at which the ordinary shares may trade. When the shares trade at a premium the Company may issue shares to reduce the premium at which shares trade. As at 31 March 2018 the shares were trading at a premium to net asset value.

## INVESTMENTS

### Achievement of the Investment Objective

There can be no assurance that the Manager will continue to be successful in implementing the Company's investment objective.

## Mitigation

The Company's investment decisions are delegated to the Manager. Performance of the Company against its investment objectives is closely monitored on an ongoing basis by the Manager and the board and is reviewed in detail at each board meeting. Any action required to mitigate underperformance is taken as deemed appropriate by the Manager.

### Borrowing

The Company may use borrowings in connection with its investment activities including, where the Manager believes that it is in the interests of shareholders to do so, for the purposes of seeking to enhance investment returns. Such borrowings may subject the Company to interest rate risk and additional losses if the value of its investments falls. Whilst the use of borrowings should enhance the net asset value of the issued shares when the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling. In addition, in the event that the Company's income falls for whatever reason, the use of borrowings will increase the impact of such a fall on the Company's return and accordingly will have an adverse effect on the Company's ability to pay dividends to shareholders.

## Mitigation

The Manager and the board closely monitors the level of gearing of the Company. The Company has a maximum limitation on borrowings of 20% of net asset value (calculated at the time of borrowing) which the Manager may affect at its discretion. As at the date of this report, the Company had no current borrowings outstanding.

### Liquidity of Investments

The Company expects to have a material level of exposure to unquoted companies that are aligned with the Company's strategy and that present opportunities to enhance the Company's return on its investments. Such investments, by their nature, involve a higher degree of valuation and performance uncertainties and liquidity risks than investments in listed and quoted securities and they may be more difficult to realise. The illiquidity of such investments may make it difficult for the Company to sell them if the need arises and may result in the Company realising significantly less than the value at which it had previously recorded such investments. Investments in unlisted equity securities, by their nature, involve a higher degree of valuation and performance uncertainties and liquidity risks than investments in listed securities and therefore may be more difficult to realise.

## Mitigation

The Company has established investment restrictions on the extent to which it can invest up to 15% of net asset value in a single investment. Compliance with these restrictions is monitored by the Manager and by the board on an ongoing basis.

## REGULATIONS

### Tax

Any changes in the Company's tax status or in taxation legislation could affect the value of investments held by the Company, affect the Company's ability to provide returns to shareholders and affect the tax treatment for shareholders of their investments in the Company.

### Mitigation

The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of Chapter 4 of Part 24 of the Corporation Tax Act 2010. Both the board and the Manager are aware of the requirements which are to be fulfilled in any accounting period for the Company to maintain its investment trust status. The conditions required to satisfy the investment trust criteria shall be monitored by the compliance function of the Manager and performance of the same shall be reported to the board on a quarterly basis.

### **Breach of applicable legislative obligations**

The Company and its third-party service providers are subject to various legislation and regulations, including, but not limited to the Data Protection Act 2018 and the General Data Protection Regulation. Any breach of applicable legislative obligations could have a negative impact on the Company and impact returns to shareholders.

### Mitigation

The Company engages only with third party service providers which hold the appropriate regulatory approvals for the function they are to perform, and can demonstrate that they can adhere to the regulatory standards required of them. Each appointment is governed by agreements which contain the ability to terminate each of these counterparties with limited notice should they continually or materially breach any of their legislative obligations, or their obligations to the Company more broadly. Additionally, each of the counterparties is subject to regular performance and compliance monitoring by the Manager, as appropriate to their function, to ensure that they are acting in accordance with applicable regulations and are aware of any upcoming regulatory changes which may affect the Company. Performance of third party service providers is reported to the board on a quarterly basis, whilst the performance of the Manager in its duties to the Company is subject to ongoing review by the board on a quarterly basis as well as formal annual review by the management engagement committee.



# Key Performance Indicators

The board monitors success in implementing the Company's strategy against a range of key performance indicators ("KPIs"), which are viewed as significant measures of success over the longer term. Although performance relative to the KPIs is also monitored over shorter periods, it is success over the long term that is viewed as more important, given the inherent volatility of short-term investment returns. The principal KPIs are set out below:

- the movement in net asset value per ordinary share;
- the premium/discount (after deducting borrowings at fair value);
- the movement in the share price;

The Company does not currently follow any benchmark. Similarly, Suir Valley Ventures does not follow any benchmark. Accordingly, the portfolio of investments held by the Company and Suir Valley Ventures will not mirror the stocks and weightings that constitute any particular index or indices, which may lead to the Company's shares failing to follow either the direction or extent of any moves in the financial markets generally (which may or may not be to the advantage of shareholders).

## APPROVAL

The Strategic Report was approved by the board of directors on 30 July 2018 and signed on its behalf by:

**Sean Nicolson**  
Chairman

# 5 Directors' Report

# Board of Directors

## SEAN NICOLSON <sup>(1)</sup>

Chairman of the board and the management engagement committee and a member of the audit committee

### **Sean Nicolson (Chairman) (independent)**

Sean Nicolson is a corporate financier with over 25 years' experience of corporate and investment finance. He has acted on and assisted a wide range of companies to raise finance from venture capital and private equity investors and has also advised investment funds and investment managers. In addition he has advised on flotations (including IPOs and reverse takeovers) and fundraisings on the Main Market and AIM. He has worked across a variety of sectors including technology, media, telecoms and life sciences.

Sean currently manages a family office investment fund. He is also a director of and investor in a number of unlisted companies. Sean was previously a director and chairman of EVR Holdings plc, the AIM listed owner of MelodyVR. In that role he led EVR Holdings through the acquisition of MelodyVR and its subsequent fundraisings. Sean was also an executive director of AIM listed drug discovery company e-Therapeutics plc, having advised that company on all of its venture capital fundraisings, its flotation on AIM and subsequent placings. Prior to his commercial roles, Sean was a corporate finance partner of a leading UK law firm in which role he advised companies and founders at all growth stages on venture capital and private equity investments, flotations and mergers and acquisitions. He also advised merchant banks and brokers on flotations and secondary share issues and worked with a number of universities to develop and deliver technology transfer strategies.

## CHRIS BOODY <sup>(1)</sup>

Chairman of the audit committee and member of the management engagement committee

### **Chris Boody (independent)**

Chris Boody works in the Strategic Business Development team for Microsoft. Mr. Boody is focused on the Connected Vehicle market segment and Autonomous Driving technology programs. He works with major automobile makers world-wide to digitally transform their businesses. Prior to joining Microsoft, Mr. Boody was the Chief Technology Officer of SVG Partners in California, USA. He was responsible for managing SVG's Engineering Services, Innovation (LAB353) and Startup Accelerator programs (THRIVE). He worked directly with the CEO to help establish a Venture Capital fund and advise the CEO on investment options for promising startups. Mr. Boody has over 20 years' experience in Mobile and Software Services management. He started his Mobile career with McCaw Cellular communication, focused on the first Mobile Operator deployment of Wireless Data in 1995. During his career with AT&T, Mr. Boody managed Engineering and Architecture teams, partnered with Developers to enhance mobile ecosystems, and ran a multi-billion dollar Consumer Messaging business. Mr. Boody serves on management boards for technology start-ups and recently joined the Chancellor's Advisory board for the University of Washington. He was recognized for his strong leadership and mentoring of Irish technology company CEOs by receipt of the Meitheal Award from Irish Prime Minister Brian Cowan. Mr. Boody holds a Bachelor of Science degree in Business Administration from California State University, Fresno and a Master of Management from the University of Washington.

## GARETH BURCHELL <sup>(1)</sup>

### **Gareth Burchell**

Gareth Burchell began his career in the insurance industry and spent three years at RBS Insurance prior to beginning his career in investment advice and management. Mr. Burchell is currently Head of Shard Capital Stockbrokers and chairs an investment committee that specialises in providing funding for both listed and unlisted small companies. Mr Burchell has had a focus on the small cap arena for 15 years and he and his team have provided £90 million of funding across 221 companies. He has an in-depth knowledge of the UK listing process of various small cap exchanges.

(1) Appointed 8 September 2017

# Statutory information

## BOARD MEMBERS, AND DIRECTORS' AND OFFICERS' INSURANCE

The names and biographical details of the board members who served on the board as at the period end can be found on page 17. Nick Horton and Alex Haynes were appointed the Company's initial directors at the Company's incorporation on 21 June 2017. Both Nick Norton and Alex Haynes resigned from the board on 8 September 2017 at which point Sean Nicolson, Chris Boody and Gareth Burchell were appointed.

During the year under review the Company purchased and maintained directors' and officers' liability insurance for its directors and officers as permitted by section 233 of the Companies Act 2006.

## STATUS OF THE COMPANY

The Company is an investment company within the meaning of section 833 of the Companies Act 2006.

The Company operates as an investment trust in accordance with Chapter 4 of Part 24 of the Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011. In the opinion of the directors, the Company has conducted its affairs so that it is able to maintain its status as an investment trust. The Company is in the process of obtaining this approval from HM Revenue & Customs.

The Company is an externally managed closed-ended investment company with an unlimited life and has no employees.

The Company was incorporated in England and Wales on 21 June 2017 and started trading on 19 January 2018 upon the Company's listing.

## INTERNAL CONTROLS AND RISK MANAGEMENT

Details of the Company's principal risks and uncertainties can be found in the Strategic Report on pages 12 to 14 inclusive of details of the Company's internal controls. Details of the Company's hedging policies are set out in the Strategic Report on page 10.

## SHARE CAPITAL – VOTING AND DIVIDEND

As at 31 March 2018, the Company had 3,310,000 ordinary shares in issue. There are no other classes of shares in issue and no shares are held in treasury.

On 17 November 2017, the board was granted authority to issue up to 50,000,000 ordinary shares and / or C shares. The directors are seeking to renew this authority which will otherwise expire at the forthcoming AGM.

On incorporation, one ordinary share of 1p was issued.

During the period under review a total of 3,310,000 ordinary shares were issued as detailed below:

	Shares issued	Price paid per share (pence)	Premium to net asset value (%) <sup>(1)</sup>
<b>17 January 2018</b>	3,310,000	100.0	8.55%

(1) Last published NAV at time of issue

The ordinary shares carry the right to receive dividends and have one voting right per ordinary share. There are no shares which carry specific rights with regard to the control of the Company. The shares are freely transferable. There are no restrictions or agreements between shareholders on the voting rights of any of the ordinary shares or the transfer of shares.

The Company has been incorporated with an unlimited life.

On a winding up or a return of capital by the Company, the ordinary shareholders are entitled to the capital of the Company.

No final dividend is being recommended. The Company's policy is to pay dividends on annual basis, as set out in the Company's prospectus dated 17 November 2017 and the supplementary prospectus dated 2 January 2018 (the "Prospectus"). There were no dividends paid in respect of the period ended 31 March 2018.

## SUBSTANTIAL SHARE INTERESTS

During the period to 31 March 2018, the Company received no notifications in accordance with the Disclosure and Transparency Rule 5.1.2R of interests in 3% or more of the voting rights attaching to the Company's issued share capital.

## INDEPENDENT AUDITOR

The Company's independent auditor, PKF Littlejohn LLP ("PKF"), was appointed during the period and has expressed its willingness to continue to act as the Company's auditor for the forthcoming financial year. The audit committee has carefully considered the auditor's appointment, as required in accordance with its terms of reference, and, having regard to its effectiveness and the services it has provided the Company during the period under review, has recommended to the board that the independent auditor be appointed at the forthcoming AGM. At the AGM resolutions will be proposed for the appointment of the independent auditor and to authorise the directors to agree its remuneration for the forthcoming financial year. In reaching its decision, the audit committee considered the points detailed on pages 28 to 30 of the Audit Committee's report.

## AUDIT INFORMATION

As required by section 418 of the Companies Act 2006, the directors who held office at the date of this report each confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps required of a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## ARTICLES OF ASSOCIATION

Any amendments to the Company's articles of association must be made by special resolution.

## BREXIT

The directors do not currently consider the UK's exit from the EU to pose a significant risk to the Company.

## GOING CONCERN

The directors have reviewed the financial projections of the Company from the date of this report, which shows that the Company will be able to generate sufficient cash flows in order to meet its liabilities as they fall due. Accordingly, the directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements. The Company also has detailed policies and processes for managing the risks, set out in the Strategic Report on pages 12 to 14.

## VIABILITY STATEMENT

In accordance with Principle 21 of the Association of Investment Companies Code of Corporate Governance published in July 2016 and provision C.2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council in April 2016, the directors have assessed the prospects of the Company over a three-year period ending March 2021. The board believes this period to be appropriate taking into account the current trading position and the potential impact of the principal risks that could affect the viability of the Company. At 31 March 2018, the Company had cash balances of £1,620,189 in excess of all liabilities, there are therefore limited risks to the viability of the Company.

Analysis to assess viability has focused on the risks in delivery of the growth of the business and a series of projections have been considered changing funding levels and the performance of the assets acquired.

The analysis demonstrates that, the Company would be able to withstand the impact of the risks identified. Based on the robust assessment of the principal risks, prospects and viability of the Company, the board confirms that they have reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending March 2021.

## MANAGEMENT AND ADMINISTRATION

### Company Secretary

Apex Fund Services (Ireland) Ltd (the "Company Secretary") has been appointed as the company secretary of the Company. Under the terms of the administration agreement, the fee for the provisions of the Company Secretary's services will be £25,000 per annum (exclusive of VAT).

### Administrator

Apex Fund Services (Ireland) Ltd (the 'Administrator'), has been appointed as the administrator of the Company. The Administrator provides the day-to-day administration of the Company. The Administrator is also responsible for the Company's general administrative functions, such as the calculation of the net asset value and maintenance of the Company's accounting records, and ensures that the Company complies with its continuing obligations as an investment trust.

Under the terms of the administration agreement, the Administrator is entitled to an annual administration fee equal to the greater of: (i) €28,000 per annum; and (ii) an amount equal to 0.08% of the portion of NAV up to and including €100 million, 0.06% of the portion of NAV between €100 million and €200 million and 0.05% of the portion of NAV above €200 million (exclusive of VAT and out of pocket expenses). The Administrator is also entitled to reimbursement of all reasonable out of pocket expenses incurred by it in connection with the performance of its duties. The administration agreement can be terminated by either party by providing 90 days' written notice.

### Manager

Shard Capital AIFM LLP (the 'Manager'), a UK-based company authorised and regulated by the Financial Conduct Authority, has been appointed the Company's manager and alternative investment fund manager ("AIFM") for the purposes of the Alternative Investment Fund Managers Directive ("AIFMD"). The Manager is responsible for the discretionary management of the Company's assets and ensures that these are valued appropriately in accordance with the relevant regulations and guidance.

Under the terms of the management agreement, the Manager is entitled to a management fee and a performance fee together with reimbursement of reasonable expenses incurred by it in the performance of its duties. From the period from first admission, the management fee payable was based on 1.25% of the net asset value. The Manager is also entitled to receive a performance fee equal to 15% of any excess returns over a high watermark, subject to achieving a hurdle rate of 8% in respect of each performance period. Further details on the management fee and the performance fee can be found in Note 5 to the financial statements. The management agreement can be terminated by either party providing twelve months' written notice.

### Depository

The Company's depository is Indos Financial Limited (the "Depository"), a company authorised and regulated by the Financial Conduct Authority. Under the terms of the depository services agreement the Depository is entitled to a monthly depository fee equal to the greater of: (i) £2,000 and £2,917 per month (depending on the activity of the Company); and (ii) an amount equal to 1/12 of 0.03% of NAV (exclusive of VAT and out of pocket expenses). The depository services agreement can be terminated by either party by providing 90 days' written notice.

### Placing Agent

Shard Capital Partners LLP ("Shard Capital"), a company authorised and regulated in the United Kingdom by the Financial Conduct Authority, has been appointed as the Company's Placing Agent in respect of share issues under the placing programme set out in the prospectus dated 17 November 2017 and the supplementary prospectus dated 2 January 2018. Shard Capital was paid a commission of £50,922 by the Company in consideration for its services in relation to the issue of shares on 19 January 2018.

## Change of control

There are no agreements which the Company is party to that might be affected by a change of control of the Company.

## SUBSEQUENT EVENTS

£689,713 disclosed as receivable in the Statement of Position were recovered in full post year end.

On 24 April 2018 the Company completed a direct investment in Immotion Group Limited totalling £500,254.

On 29 June 2018 the Company raised gross proceeds of £200,000 by issuing ordinary shares at £1.00 each. The shares were admitted to the Specialist Funds Segment of the Main Market of the London Stock Exchange and dealings in these ordinary shares commenced on 5 July 2018. The Company now has 3,510,000 ordinary shares in issue following this recent admission.

## FUTURE DEVELOPMENTS

Indications of likely future developments in the business of the Company are set out in the Strategic Report on pages 8-15.

## REGULATORY DISCLOSURES

The disclosures below are made in compliance with the requirements of Listing Rule 9.8.4.

Listing Rule	
<b>9.8.4 (1) – capitalised interest</b>	The Company has not capitalised any interest in the period under review.
<b>9.8.4(2) – unaudited financial information</b>	The Company has not published any unaudited financial information in either a class 1 circular or a prospectus or in respect of any profit forecast or profit estimate in accordance with listing rule 9.2.18.
<b>9.8.4 (3) – deleted</b>	This provision has been deleted.
<b>9.8.4 (4) – incentive schemes</b>	The Company has no long-term incentive schemes in operation.
<b>9.8.4 (5) and (6) - waiver</b>	No director of the Company has waived or agreed to waive any current or future emoluments from the Company.
<b>9.8.4 (7), (8) and (9)</b>	During the period under review, the Company issued a total of 3,310,000 ordinary shares with a nominal value of £0.01 and an average price of 100 pence per share for a total consideration of £3,310,000 excluding commission and issue costs. Further details can be found on page 44.
<b>9.8.4 (8) and 9.8.4 (9) – relate to companies that are part of a group of companies</b>	The Company is not part of a group of companies. These Listing Rules therefore, do not apply.
<b>9.8.4 (10) – contract of significance</b>	During the period under review, there were no contracts of significance subsisting to which the Company is a party and in which a director of the Company is or was materially interested or between the Company and a controlling shareholder.
<b>9.8.4 (11)</b>	The Company is not party to any contracts for the provision of services to the Company by a controlling shareholder.
<b>9.8.4 (12) and (13) – waiving dividends</b>	During the period under review, there were no arrangements under which a shareholder has waived or agreed to waive any dividends or future dividends.
<b>9.8.4 (14)</b>	As set out in the prospectus dated 17 November 2017, the Company has not voluntarily adopted Listing Rule 9.8.4(14).

By order of the board

**Apex Fund Services (Ireland) Ltd**

Company Secretary

Date: 30 July 2018

# Corporate governance statement

The corporate governance statement explains how the board has sought to protect shareholders' interests by protecting and enhancing shareholder value. Since the Company's listing, the Financial Reporting Council's UK Corporate Governance Code (the "UK Code") has been followed by the Company. The directors are ultimately responsible for the stewardship of the Company and this section explains how they have fulfilled their corporate governance responsibilities. This corporate governance statement forms part of the directors' report.

As set out in the Prospectus, the Company has adopted certain key provisions of the UK Listing Rules. Pursuant to the Listing Rules as voluntarily adopted by the Company, the Company must "comply or explain" against each of the provisions of the UK Code. The board is committed to high standards of corporate governance. The Listing Rules and the Disclosure and Transparency Rules ("DTR") require the board to disclose how it has applied the principles of the updated UK Code, published by the Financial Reporting Council ("FRC") in April 2016. A copy of the UK Code is available from the website of the Financial Reporting Council at [frc.org.uk](http://frc.org.uk). The Association of Investment Companies ("AIC") has published its own Code on Corporate Governance (the "AIC Code"), by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"), revised in July 2016. The AIC Code provides a comprehensive guide to best practice in certain areas of governance where the specific characteristics of investment trusts suggest alternative approaches to those set out in the UK Code. The FRC has confirmed that AIC member companies who report against the AIC Code and who follow the AIC Guide will be meeting their obligations in relation to the UK Code and the associated disclosure requirements of the DTR. Both the AIC Code and AIC Guide are available from the AIC's website at [theaic.co.uk](http://theaic.co.uk).

The board has considered the principles and recommendations of the AIC Code by reference to the AIC Guide. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The board considers that voluntarily reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide better information to shareholders.

## STATEMENT OF COMPLIANCE

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- The role of the chief executive;
- Executive directors' remuneration;
- The senior independent director;
- The need for an internal audit function; and
- The requirement for separate nomination and remuneration committees.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the board considers these provisions are not relevant to the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The board does not, at present, consider that separate nomination and remuneration committees would be appropriate given the board's size, being three members in total. Currently, decisions concerning the board's remuneration, nomination and board appraisals are undertaken by the board as a whole. However, the need for separate nomination and remuneration committees and an internal audit function will be kept under review.



## THE BOARD OF DIRECTORS

The board consists of three directors, all of whom are non-executive directors. Biographies of the directors are shown on page 17 and demonstrate the wide range of skills and experience that they bring to the board. The directors possess business and financial expertise relevant to the direction of the Company and consider themselves to be committing sufficient time to the Company's affairs.

None of the directors has a service contract with the Company, nor are any such contracts proposed. Each director has been appointed pursuant to a letter of appointment entered into with the Company. The directors' appointment can be terminated in accordance with the articles of association and without compensation. There are no agreements between the Company and any director which provide for compensation for loss of office in the event that there is a change of control of the Company.

Copies of the letters of appointment will be available at the AGM.

The Chairman, Sean Nicolson, is independent and considers himself to have sufficient time to commit to the Company's affairs. The Chairman's other commitments are detailed in his biography on page 17.

The directors have determined that the size of the Company's board does not warrant the appointment of a senior independent Director at this time. All of the directors are available to address shareholder queries or engage in consultation as required.

## THE OPERATION OF THE BOARD

The board of directors meets at least four times a year and more often if required.

The table below sets out the directors' attendance at board and audit committee meetings held since the Company was first listed on the London Stock Exchange on 19 January 2018 to the approval of Annual Report on 30 July 2018, against the number of meetings each board or audit committee member was eligible to attend.

Director	Board	Audit Committee
<b>Sean Nicolson</b>	3/3	2/2
<b>Chris Boody</b>	3/3	2/2
<b>Gareth Burchell</b>	3/3	N/A
<b>Alex Haynes</b>	N/A	N/A
<b>Nick Horton</b>	N/A	N/A

During the period under review Alex Haynes and Nick Horton served as directors. However, they both resigned on 8 September 2017 before the Company commenced trading and they were not in office at the time of the above meetings.

No individuals other than the committee or board members are entitled to attend the relevant meetings unless they have been invited to attend by the board or relevant committee.

Directors are provided with a comprehensive set of papers for each board or committee meeting, which equips them with sufficient information to prepare for the meetings.

The board has a formal schedule of matters specifically reserved to it for decision to ensure effective control of strategic, financial, operational and compliance issues, which includes:

- The Company's structure including share issues and setting a discount/premium management programme;
- Risk management
- Appointing the Manager and other service providers and setting their fees;
- Approving board changes including the audit committee and management engagement committee;
- Considering and authorising board conflicts of interest;
- Approving the Company's annual accounts and half yearly accounts including accounting policies;

- Approving the Company's level of gearing;
- The approval of terms of reference and membership of board committees; and
- Approving liability insurance.

There is a procedure in place for the directors to take independent professional advice at the expense of the Company. No such professional advice has been taken by the directors during the period under review other than in relation to the Company's initial public offering.

The Company has taken out directors' and officers' liability insurance, such cover to be maintained for the full term of each director's appointment.

### **Independence of Directors**

Each of Sean Nicolson and Chris Boody was considered, on appointment, to be independent of Shard Capital AIFM LLP and free from any business or other relationship that could materially interfere with the exercise of his independent judgement and remained so throughout the period.

Gareth Burchell is a member of the Shard Capital AIFM LLP investment committee. Mr. Burchell is also currently Head of Shard Capital Stockbrokers and chairs an investment committee that specialises in providing funding for both listed and unlisted small companies. There are no other relationships or circumstances relating to the Company that are likely to affect the judgement of any of the directors.

Care will be taken at all times to ensure that the board is composed of members who, as a whole, have the required knowledge, abilities and experience to properly fulfil their role and are sufficiently independent.

### **Directors' interests**

No director holds shares in the Company.

### **Board evaluation**

In consideration of the Company's launch during 2018 and the focus on investment, policies and procedures, the board has scheduled the first evaluation to take place during 2019 when it was felt the board and its Committees would be fully established and the most benefit would be derived from the process. Any training needs identified as part of the board evaluation process will be added to the agenda of the next board meeting following such evaluation.

### **Board training and induction**

The Company Secretary, the board or the Manager upon request of the board or any director individually, will offer induction training to new directors about the Company, its key service providers, the directors' duties and obligations and other matters as may be relevant from time to time.

The board members are encouraged to keep up to date and attend training courses on matters which are directly relevant to their involvement with the Company.

### **Board appointment, election and tenure**

The rules concerning the appointment and replacement of directors are contained in the Company's articles of association and the Companies Act 2006.

None of the directors consider length of service as an impediment to independence or good judgement but, if they felt that this had become the case, the relevant director would stand down.

The Directors of the Company and their biographies are set out on page 17. As the forthcoming AGM is the Company's first AGM, all members of the board will put themselves forward for re-election.

The board considers that all of the current directors contribute effectively to the operation of the board and the strategy of the Company. The board has considered each board member's independence of the Company and Manager. As such the board believes that it is in the best interests of shareholders that each of the directors be re-elected.

### **Management agreement and continuing appointment**

Details of the Manager's agreement and fees are set out in note 5 to the financial statements.

The board keeps the performance of the Manager under continual review through the Company's management engagement committee.

## CONFLICTS OF INTEREST

The articles of association provide that the directors may authorise any actual or potential conflict of interest that a director may have, with or without imposing any conditions that they consider appropriate on the director. Directors are not able to vote in respect of any contract, arrangement or transaction in which they have a material interest and in such circumstances, they are not counted in the quorum at the relevant board meeting. A process has been developed to identify any of the directors' potential or actual conflicts of interest. This includes declaring any potential new conflicts before the start of each board meeting.

### **Audit Committee**

The board has delegated certain responsibilities to its audit committee. The committee comprises two or more independent directors. The Chairman of the board may be a member of the committee but may not act as chairman of the committee. The board has established formal terms of reference for the audit committee which are available from the Company Secretary upon request. An outline of the remit of the audit committee and its activities during the period are set out below.

The audit committee is chaired by Chris Boody and meets at least twice a year. It is responsible for ensuring that the financial performance of the Company is properly reported and monitored and provides a forum through which the Company's external auditor may report to the board. The audit committee reviews and recommends to the board the annual and half-yearly reports and financial statements, financial announcements, internal control systems, risk metrics, decisions requiring a significant element of judgement and procedures and accounting policies of the Company.

Further details on the work of the audit committee can be found in the report of the audit committee on page 28 - 30.

### **Management Engagement Committee**

The Chairman of the Company acts as chairman of the management engagement committee. The management engagement committee meets once a year. Its principal duties are to formally review the actions and judgements of the Manager and the terms of its management agreement. The committee reports to the board on its proceedings after each meeting.

The terms of reference of the committee are available from the Company Secretary.

## COMPANY SECRETARY

The board has direct access to the advice and services of the Company Secretary, which is responsible for ensuring that the board and Committee procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties.

## REVIEW OF SHAREHOLDER PROFILE

The board reviews reports provided by qualified independent industry consultants and Shard Capital Partners LLP on the Company's shareholder base and its underlying beneficial owners. The Manager and Shard Capital Partners LLP disclose any concerns raised by shareholders to the board.

## STEWARDSHIP RESPONSIBILITIES AND THE USE OF VOTING RIGHTS

The Financial Reporting Council (FRC) introduced a Stewardship Code which sets out the responsibilities of institutional shareholders in respect of investee companies. Under the Stewardship Code, managers should:

- Publicly disclose their policy on how they will discharge their stewardship responsibilities to their clients;
- Disclose their policy on managing conflicts of interest;
- Monitor their investee companies;
- Establish clear guidelines on how they escalate Evaluation;

- Be willing to act collectively with other investors where appropriate;
- Have a clear policy on proxy voting and disclose their voting record; and
- Report to clients.

The Company recognises that with respect to its equity assets one of the important obligations that it has as a shareholder is the right to vote on issues submitted to shareholders. These issues may include the election of directors and other important matters that affect the structure of the investee company. The Manager acts on behalf of the Company in these matters and will exercise its voting rights, supported by independent providers, if considered appropriate, ahead of voting.

## RELATIONS WITH SHAREHOLDERS

All shareholders have the opportunity to attend and vote, in person or by proxy, at the AGM.

The notice of the AGM, which is sent out at least 21 clear days in advance of the AGM, sets out the business of the meeting and any item not of an entirely routine nature is explained in the directors' report. Separate resolutions are proposed in respect of each substantive issue.

Shareholders are encouraged to attend the AGM and to participate in proceedings. The Chairman of the board and the directors, together with representatives of the Manager, will be available to answer shareholders' questions at the AGM. Proxy voting figures are available to shareholders at the AGM.

The Manager holds regular discussions with major shareholders, the feedback from which is provided to and greatly valued by the board. The directors are available to enter into dialogue and correspondence with shareholders regarding the progress and performance of the Company. Further information about the Company can be found on the Company's website <http://www.sureventuresplc.com>.

## INTERNAL CONTROL REVIEW

The board has elected not to have an internal audit function as the Company delegates its operations to third-party service providers and does not employ any staff. Instead it has been agreed that the Company will rely on the internal controls which exist within its third-party providers.

The administrator, depositary and manager have established internal control frameworks to provide reasonable assurance on the effectiveness of the internal controls operated on behalf of their clients. The manager, the administrator, the depositary and the Company Secretary will report on any breaches of law or regulation, if and when they arise, periodically in scheduled board reports. The audit committee considers annually whether there is any need for an internal audit function, and it has agreed that it is appropriate for the Company to rely on the internal audit controls which exist within its third-party providers.

The board keeps under review the effectiveness of the Administrator and the Manager's systems of internal control and risk management. During the period under review, the board has not identified any significant failings or weaknesses in the internal control systems of its service providers. Details of the Company's risks can be found on pages 12 to 14 of the Strategic Report, together with an explanation of the controls that have been established to manage each risk. The risk matrix provides a basis for the audit committee and the board to regularly monitor the effective operation of the controls and to update the matrix when new risks are identified.

The system of internal control and risk management is designed to meet the Company's particular needs and the risks to which it is exposed. The board recognises that these control systems can only be designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

## ALTERNATIVE INVESTMENT FUND MANAGEMENT DIRECTIVE DISCLOSURE

### Quantitative remuneration disclosure

In accordance with 3.3.5 (5) of the Financial Conduct Authority's Investment Funds Sourcebook ("FUND") and in accordance with the Financial Conduct Authority's Finalised guidance – General guidance on the AIFM Remuneration Code (SYSC 19B) ('the Guidelines'), dated January 2014, the total amount of remuneration paid by Shard Capital AIFM LLP, for the financial period to the 31 March 2018, in respect of the Company was £4,766. There was no carried interest paid in respect of the Company. Shard Capital AIFM LLP does not consider that any individual member of staff or partner of Shard Capital AIFM LLP has the ability to materially impact the risk profile of the Company.

### Other disclosures

The AIFMD requires that Shard Capital AIFM LLP ensures that certain other matters are actioned and or reported to investors. Each of these is set out below.

- Provision and content of an annual report (FUND 3.3.2 and 3.3.5). The publication of the annual report and accounts of the Company satisfies these requirements.
- Material change of information. The AIFMD requires certain information to be made available to investors in the Company before they invest and requires that material changes to this information be disclosed in the annual report.

### Periodic disclosure (FUND 3.2.5 and 3.2.6)

There are no assets subject to special arrangements due to their illiquid nature and no new arrangements for the managing of the liquidity of the Company.

There is no change to the arrangements, as set out in the Prospectus, for managing the Company's liquidity.

The current risk profile of the Company is set out in the Strategic Report: Principal Risks and Uncertainties on pages 12 to 14 and in note 16 of the Financial Statements, 'Financial Risk Management'.

The Company is permitted to be leveraged and the table below sets out the current maximum permitted and actual leverage.

As a percentage of net asset value	Gross method	Commitment method
<b>Maximum level of leverage</b>	100%	150%
<b>Leverage as at 31 March 2018</b>	47%	101%

There have been no breaches of the permitted leverage limits within the reporting period and no changes to maximum level of leverage employed by the Company.

### Other matters

Shard Capital AIFM LLP can confirm that all required reporting to the Financial Conduct Authority has been undertaken in accordance with FUND 3.4.

### Approval

This Report was approved by the board of directors on 30 July 2018.

On behalf of the board

**Sean Nicolson**

Chairman

30 July 2018

# Report of the Audit Committee

As chairman of the audit committee I am pleased to present the audit committee report for the period ended 31 March 2018.

## MEMBERSHIP OF THE AUDIT COMMITTEE

As the board is small with only three members, Chris Boody and Sean Nicolson are both appointed members of the audit committee. As chairman of the audit committee, I can confirm that I have relevant financial experience to fulfil my obligations in this capacity.

## THE ROLE OF THE AUDIT COMMITTEE

The role of the audit committee is defined in its terms of reference, which can be obtained from the Company Secretary.

In summary, the role of the audit committee includes the following:

- To monitor the financial reporting process;
- To review and monitor the integrity of the half-year and annual financial statements and review and challenge where necessary the accounting policies and judgements of the manager and administrator;
- To review the adequacy and effectiveness of the Company's internal financial and internal control and risk management systems;
- To make recommendations to the board on the re-appointment or removal of the external auditor and to approve its remuneration and terms of engagement; and
- To review and monitor the external auditor's independence and objectivity.
- To review and consider on an annual basis the need for an internal audit function.

### **Matters considered during the period**

The audit committee has met twice during the period under review and considered the following items:

- The Company's audit plan with the external auditor;
- The policy on non-audit services;
- The dividend policy; and
- The whistleblowing policy.

The Audit Committee also reviewed the following items:

- Whether there was a requirement for an internal audit function;
- Company's risk matrix and the internal controls implemented to manage those risks; and
- The appropriateness of the Company's accounting policies and whether appropriate estimates and judgements have been made.

### **UK non-audit services**

In relation to non-audit services, the audit committee has reviewed and implemented a policy on the engagement of the auditor to supply non-audit services and this will be reviewed on an annual basis. All requests or applications for other services to be provided by the auditor are submitted to the audit committee and will include a description of the services to be rendered and an anticipated cost. The Company's policy follows the requirements of the Financial Reporting Council's Ethical Standard for Auditors published in September 2015 and which implemented the European Union's revised Statutory Audit Directive (the revised Ethical Standard became effective for periods commencing on or after 17 June 2016). The policy specifies a number of prohibited services which it is not permitted for the auditor to provide under the revised Ethical Standard.

During the period, the auditor provided reporting accountant services on the prospectus published on 17 November 2017. These non-audit fees amounted to £14,400, and were payable by the Manager.

The audit committee reviewed the level of non-audit services and were satisfied that the auditors maintained their independence.

## SIGNIFICANT ACCOUNTING MATTERS

The audit committee met on 30 July 2018 to review the report and accounts for the period to 31 March 2018. The audit committee considered the following significant issues, including principal risks and uncertainties in light of the Company's activities and issues communicated by the auditors during their review, all of which were satisfactorily addressed:

Issue considered	How the issue was addressed
<b>Retention of investment trust status</b>	The audit committee receives assurance from the Company's administrators and manager that the Company has remained compliant with the requirements to maintain its investment trust status. The directors regularly review the investments and their mix to ensure they remain diversified, its retained income levels to ensure sufficient distributions are made and the Company's shareholdings to determine if the Company has become a closed company. The company is in the process of obtaining this approval from HM Revenue & Customs.
<b>Risk of misappropriation of assets and ownership of investments</b>	The audit committee reviews reports from its service providers on key controls over the assets of the Company. Any significant issues are reported to the board by the manager and/ or the Company's depositary. The manager has put in place procedures to ensure that investments can only be made to the extent that the appropriate contractual and legal arrangements are in place to protect the Company's assets. The Company's depositary issues a quarterly report on the status of the assets to the directors for review.
<b>The risk that income is overstated, incomplete or inaccurate through failure to recognise proper income entitlements or to apply the appropriate accounting treatment for recognition of income.</b>	The board regularly reviews income forecasts. The external audit includes checks on the completeness and accuracy of income and also checks that this has been recognised in accordance with stated accounting policies.

### External auditor

The Company's external auditor, PKF Littlejohn LLP ("PKF"), was appointed pursuant to the engagement letter dated 18<sup>th</sup> April 2018. The audit committee intends to re-tender within the timeframe set by the Financial Reporting Council. Due to the short period of time since PKF was appointed, it is not considered appropriate to consider PKF's succession at this point in time.

The individual at PKF who acts as the Company's appointed audit partner is Ian Cowan, whose appointment is reviewed annually. In accordance with UK legislation, the audit partner must rotate at least every five years. As this is Ian Cowan's first year as audit partner, he will be due to rotate out of this role during 2023 at the latest.

The audit fees for the period under review can be found in note 6 to the financial statements on page 51.

The audit committee monitors the auditor's objectivity and independence on an ongoing basis. In determining PKF's independence, the audit committee has assessed all relationships with PKF and received confirmation from PKF that it is independent and that no issues of conflicts arose during the period. The audit committee is therefore satisfied that PKF is independent.

The audit committee monitors and reviews the effectiveness of the external audit process on an annual basis and makes recommendations to the board on its re-appointment, remuneration and terms of engagement of the auditor. The audit committee has met with the audit partner and assessed PKF's performance to date and to discuss the Company's audit and other matters concerning the Company. I can confirm that Ian Cowan did not raise any issues of concern during our meeting. The review has involved an examination of the auditor's remuneration, the quality of its work including the quality of the audit report, the quality of the audit partner and audit team, the expertise of the audit firm and the resources available to it, the identification of audit risk, the planning and execution of the audit and the terms of engagement.

The audit committee has direct access to the Company's auditor and provides a forum through which the auditor reports to the board. Representatives of PKF attend the audit committee meetings at least twice annually.

### **Internal audit**

The audit committee believes that the Company does not require an internal audit function, principally because the Company delegates its day-to-day operations to third parties, which are monitored by the audit committee, and which provide control reports on their operations at least annually.

This report was approved by the audit committee on 30 July 2018

### **Chris Boody**

Chairman of the Audit Committee

30 July 2018



# Statement of Directors' Responsibilities

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

Applicable law requires the directors to prepare financial statements for each financial year. As such the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements and the directors' Remuneration Report 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess a company's performance, business model and strategy.

Each of the directors, whose names and functions are listed in the directors' Report, confirms that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces;
- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

# Directors' Remuneration Report

## STATEMENT FROM THE CHAIRMAN

I am pleased to present the directors' remuneration report for the period ended 31 March 2018, prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and the Companies Act 2006. The Company's auditor is required to verify certain information within this report subject to statutory audit by the Companies Act 2006. Where information set out below has been audited it is indicated as such.

We are required to seek shareholder approval of the directors' remuneration policy at least every third year and the remuneration report annually. Any changes to the directors' remuneration policy will require shareholder approval. It is proposed that an ordinary resolution to approve the directors' remuneration policy will be proposed as set out below at the Company's forthcoming AGM. An ordinary resolution to approve the directors' remuneration policy will be put to shareholders at least once every three years. At the AGM, shareholders will also be asked to consider an advisory resolution on the contents of the directors' remuneration report.

As at 31 March 2018, the board comprised three non-executive directors, two of whom are independent of the manager.

Given the size of the board, and as the Company has no employees, it is not considered appropriate for the Company to establish separate remuneration and nomination committees. It is, therefore, the Company's practice for the board to consider and approve directors' remuneration. Prior to the Company's incorporation, directors' fees were set at the rate of £24,000 per annum for Sean Nicolson and Chris Boody. Gareth Burchell has agreed to waive his director's fee.

As the board's fees were considered prior to its listing as an investment company, the appointment of external remuneration consultants was not considered necessary. Furthermore, the board took the decision not to revise the board's fees because they did not feel it was appropriate, given the Company's short existence. Many parts of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 do not apply to the Company as the board is comprised entirely of non-executive directors and the Company has no employees.

## DIRECTORS' REMUNERATION POLICY

The fees for the board as a whole are limited to £48,000 (plus relevant employer's National Insurance contributions) per annum divided between the relevant directors as detailed above. Subject to this limit, the board's policy is that remuneration of non-executive directors should reflect the experience of the board member and the time commitment required by board members to carry out their duties, and is determined with reference to the appointment of directors of similar investment companies. The level of remuneration has been set with the aim of promoting the future success of the Company. With this in mind the board considers remuneration in order to attract individuals of a calibre appropriate to promote the long-term success of the Company and to reflect the specific circumstances of the Company and its field of investment, the duties and responsibilities of the directors and the value and amount of time commitment required of directors to the Company's affairs.

Due regard is taken of the board's requirement to attract and retain individuals with suitable knowledge and experience and the role that individual directors fulfil. There are no specific performance-related conditions attached to the remuneration of the board and the board members are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other non-cash benefits or taxable expenses. No other payments are made to directors other than reasonable out-of-pocket expenses which have been incurred as a result of attending to the affairs of the Company.

In addition to the board's remuneration, board members are entitled to such fees as they may determine in respect of any extra or special services performed by them, having been called upon to do so. Such fees would only be incurred in exceptional circumstances. An example of such a circumstance would be if the Company was to undertake a corporate action, which would require the board to dedicate additional time to review associated documents and to attend additional meetings. Such fees would be determined at the board's absolute discretion and would be set at a similar rate to other comparable investment companies who have undertaken equivalent activities. The fees would be set with the Company's long-term success in mind and the interests of the Company's members as a whole would be considered prior to the setting of such fees.

The directors are entitled to be paid all expenses properly incurred by them in attending meetings with shareholders or other directors or otherwise in connection with the discharge of their duties as directors.

Shareholders have the opportunity to express their views in respect of directors' remuneration at the Company's AGM. The Company has not sought shareholder views on its remuneration policy. Any comment volunteered by shareholders on the remuneration policy will be carefully considered and appropriate action taken. No communications have been received from shareholders on the Company's remuneration policy.

The Company's remuneration policy and its implementation are reviewed by the board as a whole on an annual basis. directors do not vote on their own fees. Reviews are based on third parties' information on the fees of other similar investment trusts.

None of the directors has a service contract with the Company, nor are any such contracts proposed. Instead, directors are appointed pursuant to a letter of appointment entered into with the Company. There is no notice period specified in the letters of appointment or articles of association for the removal of directors. Directors are not appointed for a specific term. Copies of the directors' letters of appointment are available at each of the Company's AGMs.

The directors are not entitled to exit payments and are not provided with any compensation for loss of office.

As with most investment trusts there is no chief executive officer and no employees. The Company's remuneration policy will apply to new board members, who will be paid the equivalent amount of fees as current board members holding similar roles.

This policy has been followed since the Company's incorporation on 21 June 2017.

## VOTING AT ANNUAL GENERAL MEETING

An ordinary resolution for the approval of the directors' remuneration policy will be put to a binding shareholder vote at the forthcoming AGM. A binding vote means that if it is not successful, the board will be obliged to revise the policy and seek further shareholder approval at a general meeting specially convened for that purpose.

The directors' remuneration report, including the implementation of the directors' remuneration policy, is subject to an annual advisory vote via an ordinary resolution. An advisory vote is a non-binding resolution. In the event that shareholders vote against this resolution, the board will be required to put its remuneration policy to shareholders for approval at the next AGM, regardless of whether the remuneration policy was approved by shareholders.

### Directors' fees (audited)

Single total aggregate directors' remuneration for the period under review was £21,509. The directors who served during the period under review received the following emoluments:

Director	Fees paid during the period under review (21 June 2017 to 31 March 2018)	Taxable benefits	Non-taxable benefits	Total period to 31 March 2018
<b>Sean Nicolson (Chair)</b> <sup>(1)</sup>	£10,730	-	-	£10,730
<b>Gareth Burchell</b> <sup>(1)</sup>	£-	-	-	£-
<b>Chris Boody</b> <sup>(1)</sup>	£10,779	-	-	£10,779
<b>Alex Haynes</b> <sup>(2)</sup>	-	-	-	-
<b>Nick Horton</b> <sup>(2)</sup>	-	-	-	-
<b>Total</b>	<b>£21,509</b>	-	-	<b>£21,509</b>

(1) Sean Nicolson, Gareth Burchell and Chris Boody were appointed to the board on 8 September 2017.

(2) Alex Haynes and Nick Horton were appointed as directors upon the Company's incorporation but resigned from the board on 8 September 2017, prior to the Company's listing.

No payments were made to past directors for loss of office. In the absence of further major increases in the workload and responsibility involved, the board does not expect fees to increase significantly over the next three years. The overall remuneration of each director will continue to be monitored by the board, taking into account those matters referred to in the annual statement above. The Company did not pay any other benefits including bonuses, pension benefits, share options, long-term incentive schemes or other non-cash benefits or taxable benefits.

The Company has not made any loans to the directors, nor has it ever provided any guarantees for the benefit of any director or the directors collectively nor does it intend to.

### Company Performance

The board is responsible for the Company's investment strategy and performance, although day-to-day management of the Company's affairs, including the management of the Company's portfolio, has been delegated to third-party service providers. An explanation of the performance of the Company is given in the Chairman's statement and the Investment Manager's report on pages 4 and 6.

## EXPENDITURE BY THE COMPANY ON DIRECTORS' REMUNERATION COMPARED WITH DISTRIBUTIONS TO SHAREHOLDERS

The following table is provided in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 which sets out the relative importance of spend on pay in respect of the period since incorporation (21 June 2017) to 31 March 2018. The table shows the remuneration paid to directors for the period under review, compared to the distribution payments to shareholders.

	Period since incorporation (21 June 2017) to 31 March 2018
Total remuneration paid to Directors	£21,509
Shareholder distribution – dividends or share buybacks	£-

## DIRECTORS' INTERESTS (AUDITED)

The Company does not have any requirement for any director to own shares in the Company.

As at 31 March 2018, the directors do not hold shares in the Company.

There have been no changes to any holdings between 31 March 2018 and the date of this report.

## APPROVAL OF THE ANNUAL REPORT ON REMUNERATION AND THE DIRECTORS' REMUNERATION POLICY

The Annual Report on remuneration was approved by the board on 30 July 2018 and signed on its behalf by:

**Sean Nicolson**

Chairman

# 6 Independent Auditors' Report

# Independent Auditors' Report

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SURE VENTURES PLC

### Opinion

We have audited the financial statements of Sure Ventures plc (the 'Company') for the period from 21 June 2017 to 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 Company's affairs as at 31 March 2018 and of its loss for the period 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 public interest 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 principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 12 -14 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 12 in the annual report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 19 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on pages 19 to 20 in the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

### Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, either individually or in aggregate, could reasonably be expected to influence the economic decisions of users that are taken on the basis of the financial statements. Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstance of their occurrence, when evaluating their effect on the financial statements. The application of these key considerations gives rise to a level of materiality, the quantum and purpose of which is tabulated below.

Materiality measure	Purpose	Amount	Key considerations and benchmarks
Financial statement materiality-Based on 1% of total assets	Assessing whether the financial statements, as a whole present a true and fair view.	£33,000	<ul style="list-style-type: none"> <li>The value of the invested assets</li> <li>The level of judgment inherent in the valuation</li> <li>The range of reasonable alternative valuation</li> </ul>

We agreed with the audit committee that we would report to the committee all individual audit differences in excess of £2,000 as well as differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

### An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the Company's activities, the key functions undertaken on behalf of the board by specialist outsourced service providers and the overall control environment. Based on this understanding we assessed those aspects of the Company's transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly.

### 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.

Area	Audit response
<p><b>The investments valued at fair value through profit and loss in the Company's non-current assets at the period end, are driven by the audited net asset value ("NAV") of the investee fund's portfolio.</b></p> <p><b>The investee fund has holdings in two private equity companies being Level 3 investments that are valued according to a specific investment methodology.</b></p>	<p>We considered the design and implementation of controls in place over the valuation of investments and also reviewed the assumptions and underlying evidence supporting the year end valuations to ensure that they are in line with IFRS.</p> <p>We reviewed the valuation reports prepared by management for all investments considering whether, in our professional judgement, the methodology is the most appropriate in the circumstances. Specifically, we:</p> <ul style="list-style-type: none"> <li>re-performed the calculation of the investment valuation;</li> <li>agreed the NAV to audited set of financial statements of the Investee Fund;</li> <li>where appropriate, performed sensitivity analyses on the valuation calculations where there was sufficient evidence to suggest reasonable alternative inputs might have existed;</li> <li>challenged management regarding significant judgements made;</li> <li>considered the economic environment in which the investment operates to identify factors that could impact the investment valuation;</li> <li>tested unrealised gains recognised in the income statement, was derived from the period end value of the investments in the</li> </ul>

- |  |  |
|--|--|
|  | <p>portfolio when compared to the initial book cost value of those investments; and</p> <ul style="list-style-type: none"><li>• reviewed the adequacy of the disclosures made in the financial statements.</li></ul> |
|--|--|

## Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

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

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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 period for which the financial statements are prepared is consistent with the financial statements;
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the Company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.



## **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; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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 and the part of the directors' remuneration report to be audited 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, 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.

Our audit was performed using the materiality thresholds outlines elsewhere in this report. We have therefore tested all classes of transactions, account balances and disclosures at or in excess of these thresholds. Consequently, we consider it unlikely that there will be any undetected fraud with an impact exceeding our materiality thresholds. It is possible that there are undetected instances of fraud whose impact is below these thresholds.

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

## **Other matters which we are required to address**

We were appointed by the board on 16 April 2018 to audit the financial statements for the period ending 31 March 2018 which is the first period of audit of the financial statements of the Company.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

## **Use of our 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Ian Cowan (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**

1 Westferry Circus  
Canary Wharf  
London E14 4HD

30 July 2018

# 7 Financial Statements

# Statement of Comprehensive Income

For the period from 21 June 2017 (date of incorporation) to 31 March 2018

	Notes	Revenue £	Capital £	Total £
<b>Income</b>				
Other net changes in fair value on financial assets at fair value through profit or loss	4	-	44,980	44,980
<b>Total net income</b>		<b>-</b>	<b>44,980</b>	<b>44,980</b>
<b>Expenses</b>				
Management fee	5	(1,155)	(3,611)	(4,766)
Custodian, secretarial and administration fees		(19,850)	-	(19,850)
Other expenses	6	(230,282)	-	(230,282)
<b>Total operating expenses</b>		<b>(251,287)</b>	<b>(3,611)</b>	<b>(254,898)</b>
<b>(Loss) / Profit before Taxation and after finance costs</b>		<b>(251,287)</b>	<b>41,369</b>	<b>(209,918)</b>
Taxation	7	-	-	-
<b>(Loss) / Profit after taxation</b>		<b>(251,287)</b>	<b>41,369</b>	<b>(209,918)</b>
<b>Earnings per share</b>	8	<b>(7.59)p</b>	<b>1.25p</b>	<b>(6.34)p</b>

The total column of this statement represents the Statement of comprehensive income prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The supplementary revenue return and capital return columns are both prepared under guidance issued by the Association of Investment Companies. All items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the period.

The Company does not have any income or expense that is not included in net profit for the period. Accordingly, the net profit for the period is also the Total Comprehensive Income for the period, as defined in IAS1 (revised).

The notes on pages 46 to 57 form an integral part of the financial statements.

# Statement of Financial Position

As at 31 March 2018

Company No. 10829500

	Notes	31 March 2018 £
<b>Non-current assets</b>		
Investments held at fair value through profit or loss	9	739,258
		<b>739,258</b>
<b>Current assets</b>		
Receivables	10	689,713
Cash and cash equivalents		1,663,505
		<b>2,353,218</b>
<b>Total assets</b>		<b>3,092,476</b>
Current liabilities		
Management fee payable	11	(4,766)
Other payables	11	(38,550)
		<b>(43,316)</b>
<b>Total assets less current liabilities</b>		<b>3,049,160</b>
<b>Total net assets</b>		<b>3,049,160</b>
<b>Shareholders' funds</b>		
Ordinary share capital	12	33,100
Share premium	12	3,225,978
Revenue reserves		(251,287)
Capital reserves		41,369
<b>Total shareholders' funds</b>		<b>3,049,160</b>
<b>Net asset value per share</b>	13	<b>92.12p</b>

The notes on pages 46 to 57 form an integral part of the financial statements.

The financial statements on pages 41 to 57 were approved by the board of directors and authorised for issue on 30 July 2018. They were signed on its behalf by:

**Sean Nicolson, Chairman**

# Statement of Changes in Equity

For the period from 21 June 2017 (date of incorporation) to 31 March 2018

	Ordinary Share Capital £	Share Premium £	Revenue Reserves £	Capital Reserves £	Total Reserves £	Total Equity £
<b>Balance at 21 June 2017</b>	-	-	-	-	-	-
Ordinary shares issued	33,100	3,276,900	-	-	-	3,310,000
Ordinary shares issue costs	-	(50,922)	-	-	-	(50,922)
(Loss) / Profit after taxation	-	-	(251,287)	41,369	(209,918)	(209,918)
Dividends paid in the period	-	-	-	-	-	-
<b>Balance at 31 March 2018</b>	<b>33,100</b>	<b>3,225,978</b>	<b>(251,287)</b>	<b>41,369</b>	<b>(209,918)</b>	<b>3,049,160</b>

As at 31 March 2018 the Company had distributable reserves of £nil for the payment of future dividends. The distributable reserves are the revenue reserves £nil, realised capital reserves (£nil) and the special distributable reserves (£nil).

The notes on pages 46 to 57 form an integral part of the financial statements.

# Statement of Cash Flows

For the period from 21 June 2017 (date of incorporation) to 31 March 2018

	Notes	31 March 2018 £
<b>Cash flows from operating activities:</b>		
(Loss) after taxation		(209,918)
Adjustments for:		
Increase in payables	11	43,316
Unrealised (loss) on foreign exchange	9	6,875
Net changes in fair value on financial assets at fair value through profit or loss	9	(51,855)
<b>Net cash inflow from operating activities</b>		<b>(211,582)</b>
<b>Cash flows from investing activities:</b>		
Purchase of investments	9	(694,278)
<b>Net cash (outflow) from investing activities</b>		<b>(694,278)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issue of ordinary shares		2,620,287
Share issue costs		(50,922)
<b>Net cash inflow from financing activities</b>		<b>2,569,365</b>
<b>Net change in cash and cash equivalents</b>		<b>1,663,505</b>
Cash and cash equivalents at the beginning of the period		-
<b>Net cash and cash equivalents</b>		<b>1,663,505</b>

The notes on pages 46 to 57 form an integral part of the financial statements.

# Notes to the Financial Statements

## 1) PRINCIPAL ACCOUNTING POLICIES

### **Basis of accounting**

The financial statements of Sure Ventures plc (the “Company”) have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations (IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies adopted by the Company are set out below. Where presentational guidance set out in the Statement of Recommended Practice (‘SORP’) for investment trusts issued by the Association of Investment Companies (‘AIC’) in January 2017 is consistent with the requirements of IFRS, the directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

All values are rounded to the nearest pound unless otherwise indicated.

### **Foreign Currency**

The presentation currency of the Company is pounds sterling, the financial statements are prepared in this currency in accordance with the Company’s prospectus. The Company is required to nominate a functional currency, being the currency in which the Company predominantly operates. The board has determined that sterling is the Company’s functional currency.

Transactions involving foreign currencies would be converted at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities would be translated into pounds sterling at the exchange rate ruling on the year-end date. Foreign exchange differences arising on translation would be recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within ‘other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss’.

### **Presentation of Statement of comprehensive income**

In order to better to reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of comprehensive income between items of a revenue and capital nature has been presented alongside the Statement of comprehensive income.

### **Income**

Dividend income from investments is recognised when the Company’s right to receive payment has been established, normally the ex-dividend date.

Interest income in profit or loss in the Statement of Comprehensive Income includes bank interest. Interest income is recognised on an accruals basis.

Capital income, all changes in fair value are recognised in profit or loss in the Statement of Comprehensive Income as net gain on investment at fair value through profit or loss.

### **Expenses**

All expenses are accounted for on the accruals basis. In respect of the analysis between revenue and capital items presented within the Statement of Comprehensive Income, all expenses have been presented as revenue items except as follows:

- Transaction costs which are incurred on the purchases or sales of investments designated as fair value through profit or loss are expensed to capital in the Statement of comprehensive income.



- Expenses are split and presented partly as capital items where a connection with the maintenance or enhancement of the value of the investments held can be demonstrated and, accordingly, the management fee for the financial period has been allocated 24.24% to revenue and 75.76% to capital (Investment held at fair value through profit or loss to the net asset value of the Company), in order to reflect the directors' long term view of the nature of the expected investment returns of the Company.

### **Capital Reserves Unrealised**

Increases and decreases in the valuation of investments and realised/unrealised foreign exchange gain/(loss) held at the year end are accounted for in the capital reserves unrealised.

### **Taxation**

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Statement of comprehensive income is the 'marginal basis'. Under this basis, if taxable income is capable of being entirely offset by expenses in the revenue column of the statement of comprehensive income, then no tax relief is transferred to the capital return column.

Deferred tax is the tax expected to be payable or recoverable on 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 Statement of Financial Position liability method. Deferred tax liabilities are 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.

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 revenue return column of the Statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Investment trusts which have approval under Part 24, Chapter 4 of the Corporation Tax Act 2010 are not liable for taxation on capital gains.

### **Financial instruments**

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. The Company shall offset financial assets and financial liabilities if it has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis. Financial assets and liabilities are derecognised when the Company settles its obligations relating to the instrument.

### **Classification**

Under IAS 39 the Company can classify its financial assets into the following measurement categories: (i) financial assets held at fair value through profit or loss ("FVPL"); (ii) loans and receivables; and (iii) available for sale. Financial liabilities can be classified as either held at fair value through profit or loss, or at amortised cost using the effective interest rate method.

Financial assets and liabilities are classified at initial recognition.

Financial assets and liabilities held at fair value through profit or loss.

A financial asset or liability is classified as trading if acquired principally for the purpose of selling in the short-term, this does not apply to the Company.

Financial assets and liabilities may be designated at fair value through profit or loss when:

- the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities on a different basis;
- a group of financial assets and/or liabilities is managed and its performance evaluated on a fair value basis; or
- the assets or liabilities include embedded derivatives and such derivatives are required to be recognised separately.

Financial assets and liabilities held at fair value through profit or loss are subsequently carried at fair value, with gains and losses arising from changes in fair value taken directly to the income statement.

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and it is expected that substantially all of the initial investment will be recovered, other than because of credit deterioration. Loans and receivables are subsequently carried at amortised cost using the effective interest method and recorded net of provisions for impairment losses.

### **Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the group has transferred substantially all risks and rewards of ownership. If substantially all the risks and rewards have been neither retained nor transferred and the group has retained control, the assets continue to be recognised to the extent of the group's continuing involvement. Financial liabilities are derecognised when they are extinguished.

### **Investments**

All investments held by the Company have been designated at fair value through profit or loss ('FVPL') but are also described in these financial statements as investments held at fair value, and are valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines ('IPEVCV') effective 1 January 2016 as recommended by the British Private Equity and Venture Capital Association.

Purchases and sales of unlisted investments are recognised when the contract for acquisition or sale becomes unconditional.

### **Receivables**

Receivables do not carry any interest and are short term in nature. They are initially stated at their nominal value and reduced by appropriate allowances for estimated irrecoverable amounts (if any).

### **Cash and cash equivalents**

Cash and cash equivalents (which are presented as a single class of asset on the Statement of Financial Position) comprise cash at bank and in hand and deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value.

### **Payables**

Payables are non-interest bearing.

### **Dividends**

Interim dividends are recognised in the year in which they are paid. Final dividends are recognised when they have been approved by shareholders.

## Adoption of New and Revised Standards

The International Accounting Standards Board has issued the following standards, which are relevant to the Company's reporting but which have not yet been applied and have an effective date after the date of these financial statements:

### IFRS 9 Financial Instruments

IFRS 9 "Financial Instruments", brings together the classification and measurement, impairment and hedge accounting phases of the International Accounting Standards Board's ("IASB") project to replace IAS 39, and is effective for annual periods beginning on or after 1 January 2018. The key elements of the standard are as follows:

- Classification and measurement – IFRS 9 applies one classification approach for all types of financial assets. Two criteria are used to determine how financial assets should be classified and measured: (a) the entity's business model (i.e. how an entity manages its financial assets in order to generate cash flows by collecting contractual cash flows, selling financial assets or both); and (b) the contractual cash flow characteristics of the financial asset (i.e. whether the contractual cash flows are solely payments of principal and interest).
- Impairment – the incurred loss model under IAS 39 is replaced with a new expected loss model. Impairment provisions are driven by changes in credit risk of instruments, with a provision for lifetime expected credit losses recognised where the risk of default of an instrument has increased significantly since initial recognition. Risk of default and expected credit losses must incorporate forward-looking and macroeconomic information. Expected credit loss models will require more data and assumptions with impairment provisions potentially becoming more volatile.
- Hedge accounting – the new requirements align hedge accounting more closely with risk management. The revised standard also establishes a more principles-based approach to hedge accounting.

The Company is currently working on its ability to:

- review the classification and measurement of financial instruments under the requirements of IFRS 9;
- develop and validate a set of IFRS 9 models for calculating expected credit losses on the Company's loan portfolios; and
- implement internal governance processes which are appropriate for IFRS 9.

The directors do not anticipate that the adoption of this standard and interpretations will have a material impact on the financial statements in the period of initial application.

### IFRS 15 Revenue from Contracts with Customers

The directors do not anticipate that the adoption of this standard and interpretations will have a material impact on the financial statements in the period of initial application.

### IFRS 16 Leases

The directors do not anticipate that the adoption of this standard and interpretations will have a material impact on the financial statements in the period of initial application.

Other future developments include the International Accounting Standards Board ('IASB') undertaking a comprehensive review of existing IFRSs. The Company will consider the financial impact of these new standards as they are finalised.

### New Standards, Amendments and Interpretations

Standards, amendments and interpretations to existing standards that become effective in future accounting periods and have not been adopted by the Company are as follows:

<b>IFRS</b>	<b>Effective for annual periods beginning on or after</b>
IFRS 9 - Financial Instruments	1 January 2018
IFRS 15 - Revenue from Contracts with Customers	1 January 2018
IFRS 16 – Leases	1 January 2019

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the financial statements in the period of initial application.

## **CAPITAL STRUCTURE**

### **Share Capital**

Ordinary shares are classed as equity. The ordinary shares in issue have a nominal value of one penny and carry one vote each.

### **Share Premium**

This reserve represents the difference between the issue price of shares and the nominal value of shares at the date of issue, net of related issue costs.

### **Capital Reserve Unrealised**

Unrealised gains and losses on investments held at the year end arising from movements in fair value are taken to the capital reserve.

### **Revenue Reserve**

Net revenue profits and losses of the Company.

## **2) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements in conformity with IFRS as adopted in the EU requires the Company to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amount, actual results may differ ultimately from those estimates.

The areas requiring a higher degree of judgement or complexity and areas where assumptions and estimates are significant to the financial statements are in relation to investments at fair value through profit or loss described below.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### **Equity Investments**

The unquoted equity assets are valued on periodic basis using techniques including a market approach, costs approach and/or income approach. The valuation process is collaborative, involving the finance and investment functions within the manager with the final valuations being reviewed by the manager's valuation committee.

Shareholders should note that increases or decreases in any of the inputs in isolation may result in higher or lower fair value measurements. Changes in fair value of all investments held at fair value are recognised in the Statement of comprehensive income as a capital item. On disposal, realised gains and losses are also recognised in the Statement of comprehensive income.

## **3) SEGMENTAL REPORTING**

The Company's board and the Investment Manager consider investment activity in selected Equity Assets as the single operating segment of the Company, being the sole purpose for its existence. No other activities are performed.

The directors are of the opinion that the Company is engaged in a single segment of business and operations of the Company are wholly in the United Kingdom.

## 4) INCOME

	From the date of incorporation to 31 March 2018 £
<b>Investment income</b>	
Investments at fair value through profit or loss	51,855
<b>Total investment income</b>	<b>51,855</b>
<b>Unrealised (loss) on translation of investments</b>	<b>(6,875)</b>
<b>Total income</b>	<b>44,980</b>

## 5) MANAGEMENT AND PERFORMANCE FEE

### Management Fee

The management fee is payable quarterly in advance at a rate equal to 1/4 of 1.25% per month of net asset value (the "Management Fee"). The aggregate fee payable on this basis must not exceed 1.25% of the net assets of the Company in any year.

From the period from first admission, the management fee payable was based on 1.25% of the net asset value.

### Performance Fee

The Manager is entitled to a performance fee, which is calculated in respect of each twelve month period starting on 1 April and ending on 31 March in each calendar year ('Calculation Period'), and the final Calculation Period shall end on the day on which the management agreement is terminated or, if earlier, the business day immediately preceding the day on which the Company goes into liquidation.

The Manager is entitled to receive a performance fee equal to 15% of any excess returns over a high watermark, subject to achieving a hurdle rate of 8% in respect of each performance period. There was no performance fee payable during the period.

## 6) OTHER EXPENSES

	From the date of incorporation to 31 March 2018 £
Auditor's remuneration – audit fees	20,000
Directors' fees	21,509
Organisation expense	150,801
VAT Expense	27,821
Legal and other professional	8,984
Other expenses	1,167
<b>Total Other expenses</b>	<b>230,282</b>

All expenses are inclusive of VAT where applicable. Further details on directors' fees can be found in the directors' remuneration report on page 32.

## 7) TAXATION

As an investment trust the Company is exempt from corporation tax on capital gains. The Company's revenue income is subject to tax, but offset by any interest distribution paid, which has the effect of reducing that corporation tax to nil. This means the interest distribution may be taxable in the hands of the Company's shareholders.

Any change in the Company's tax status or in taxation legislation generally could affect the value of investments held by the Company, affect the Company's ability to provide returns to shareholders, lead the Company to lose its exemption from UK Corporation tax on chargeable gains or alter the post-tax returns to shareholders. It is not possible to guarantee that the Company will remain a non-close company, which is a requirement to maintain status as an investment trust, as the ordinary shares are freely transferable. The Company, in the event that it becomes aware that it is a close company, or otherwise fails to meet the criteria for maintaining investment trust status, will as soon as reasonably practicable, notify shareholders of this fact.

The company is in the process of obtaining this approval from HM Revenue & Customs

The following table presents the tax chargeable on the Company for the period ended 31 March 2018.

	Revenue £	Capital £	Total £
<b>Corporation tax</b>	-	-	-
Total current tax charge	-	-	-
Deferred tax movement	-	-	-
Deferred tax movement PYA	-	-	-
<b>Total tax charge in income statement</b>	-	-	-

### Factors affecting taxation charge for the year

The taxation charge for the year is lower than the standard rate of UK corporation tax of 19.00%. A reconciliation of the taxation charge based on the standard rate of UK corporation tax to the actual taxation charge is shown below.

	Revenue £	Capital £	Total £
Return on ordinary activities before taxation	(251,287)	41,369	(209,919)
Return on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 19%	(47,745)	7,860	(39,885)
<b>Effects of:</b>			
Excess management expenses not utilised	47,745	(7,860)	(39,885)
Interest distributions paid in respect of the period	-	-	-
<b>Total tax charge in income statement</b>	-	-	-

### Overseas taxation

The Company may be subject to taxation under the tax rules of the jurisdictions in which it invests, including by way of withholding of tax from interest and other income receipts. Although the Company will endeavour to minimise any such taxes this may affect the level of returns to shareholders.

## 8) EARNINGS PER SHARE

For the financial period ended 31 from March 2018	Revenue pence	Capital pence	Total pence
Earnings per ordinary share	(7.59)p	1.25p	(6.34)p

The calculation of the above is based on revenue returns of (£251,287), capital returns of £41,369 and total returns of (£209,919) and number of ordinary shares of 3,310,000 as at 31 March 2018.

## 9) INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

### (a) Movements in the year

	As of 31 March 2018 £
<b>Opening cost</b>	-
Opening fair value	-
Purchases at cost	694,278
Cost at fair value measurement	51,855
Unrealised (loss) on foreign exchange	(6,875)
<b>Closing fair value at 31 March 2018</b>	<b>739,258</b>

### (b) Fair value of financial instruments

IFRS 13 requires the Company to classify its financial instruments held at fair value using a hierarchy that reflects the significance of the inputs used in the valuation methodologies. These are as follows:

- Level 1 – quoted prices in active markets for identical investments;
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayments, credit risk, etc.); and
- Level 3 – significant unobservable inputs (including the Company’s own assumptions in determining the fair value of investments).

The following sets out the classifications used as at 31 March 2018 in valuing the Company’s investments:

	Level 1 £	Level 2 £	Level 3 £	Total £
Unquoted equity assets	-	-	739,258	739,258
<b>Closing fair value as at 31 March 2018</b>	<b>-</b>	<b>-</b>	<b>739,258</b>	<b>739,258</b>

### Suir Valley Ventures (the “Fund”)

The fair value of the investment is determined with reference to audited NAV (Net asset value) of the Fund at each reporting date. The Fund invests in a mixture of quoted and unquoted investments. All investments at the Fund level are measured at fair value.

## 10) RECEIVABLES

	31 March 2018 £
Prepayments	-
Other receivables	689,713
<b>Total receivables</b>	<b>689,713</b>

The above receivables relate to the proceeds from the issue of ordinary shares which were recovered partially in April 2018 and the remainder in June 2018 following the period end.

The above receivables do not carry any interest and are short term in nature. The directors consider that the carrying values of these receivables approximate their fair value.

## 11) OTHER PAYABLES

	31 March 2018 £
Management fee payable	4,766
Accruals and deferred income	38,550
<b>Total other payables</b>	<b>43,316</b>

The above payables do not carry any interest and are short term in nature. The directors consider that the carrying values of these payables approximate their fair value.

## 12) ORDINARY SHARE CAPITAL

The table below details the issued share capital of the Company as at the date of the Financial Statements.

Issued and allotted	No. of shares	
	31 March 2018	£
<b>Ordinary shares of 1 penny each</b>	<b>3,310,000</b>	<b>33,100</b>

On incorporation, the issued share capital of the Company was £0.01 represented by one ordinary share of £0.01. Redeemable preference shares of 50,000 were also issued with a nominal value of £1 each, of which 25% was paid. The redeemable shares were issued to enable the Company to obtain a certificate of entitlement to conduct business and to borrow under section 761 of the Companies Act 2006. The redeemable shares were redeemed on listing from the proceeds of the issue of the new ordinary shares upon admission on 19 January 2018.

3,310,100 ordinary shares of £0.01 each were issued to shareholders as part of the placing and offer for subscription in accordance with the Company's prospectus dated 17 November 2017 and the supplementary prospectus dated 2 January 2018. £689,713 of proceeds from this issue remained receivable at the period end and were collected in full after the period end.

## 13) NET ASSET VALUE PER ORDINARY SHARE

Year ended 31 March 2018	Net asset value per ordinary share Pence	Net assets attributable £
<b>Ordinary shares of 1 penny each</b>	<b>92.12p</b>	<b>3,049,160</b>

The net asset value per ordinary share is based on net assets at the period end of £3,049,160 and on 3,310,000 ordinary shares in issue at the period end.



## 14) CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Company may invest in Suir Valley Ventures or other collective investment vehicles, subscriptions to which are made on a commitment basis. The Company will be expected to make a commitment that may be drawn down, or called, from time to time at the discretion of the manager of the Fund or other collective investment vehicle. The Company will usually be contractually obliged to make such capital call payments and a failure to do so would usually result in the Company being treated as a defaulting investor by the Fund or other collective investment vehicle.

The Company will seek to satisfy capital calls on its commitments through a combination of reserves, and where applicable the realisation, of Cash and Cash Equivalents and Liquid Investments (as each expression is defined in the prospectus dated 17 November 2017), anticipated future cash flows to the Company, the use of borrowings and, potentially, further issues of Shares.

As of 31 March 2018, the Company had outstanding commitments in relation to the Fund in the amount of €3,8 million.

## 15) RELATED PARTY TRANSACTIONS AND TRANSACTIONS WITH THE MANAGER

**Directors** – The remuneration of the directors is set out in the directors' Remuneration Report on page 32. There were no contracts subsisting during or at the end of the period in which a director of the Company is or was interested and which are or were significant in relation to the Company's business. There were no other transactions during the period with the directors of the Company. The directors do not hold any ordinary shares of the Company.

At 31 March 2018, there was £203 payable to the directors for fees and expenses.

**Manager** – Shard Capital AIFM LLP (the 'Manager'), a UK-based company authorised and regulated by the Financial Conduct Authority, has been appointed the Company's manager and authorised investment fund manager for the purposes of the Alternative Investment Fund Managers Directive. Details of the services provided by the manager and the fees paid are given in Note 5.

During the period the Company incurred £4,767 of fees and at 31 March 2018, there was £4,767 payable to the manager.

During the period the Company paid £50,922 of placement fees to Shard Capital Partners LLP.

During the period the manager paid £12,000 of to the advisor in relation to the flotation.

## 16) FINANCIAL RISK MANAGEMENT

The Company's investment objective is to achieve capital growth for investors pursuant to the investment policy outlined in the prospectus, this involves certain inherent risks. The main financial risks arising from the Company's financial instruments are market risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks as summarised below.

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate. Market risk comprises three types of risk, price risk, interest rate risk and currency risk.

- Price risk - the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk);
- Interest rate risk - the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates; and
- Currency risk - the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Company's exposure, sensitivity to and management of each of these risks is described below. Management of market risk is fundamental to the Company's investment objective. The investment portfolio is continually monitored to ensure an appropriate balance of risk and reward within the parameters of the investment restrictions outlined in the prospectus.

### (a) Price risk

Price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's business. It represents the potential loss the Company might suffer through holding market positions in the face of price movements (other than those arising from interest rate risk or currency risk) specifically in equity investments purchased in pursuit of the Company's investment objective, held at fair value through the profit and loss.

As at 31 March 2018 the Company held one direct private equity investment in the participating shares of Suir Valley Ventures, a sub-fund of Suir Valley Funds ICAV.

As at 31 March 2018 the investment in Suir Valley Ventures is valued at the net asset value of the sub-fund, as calculated by its administrator.

At 31 March 2018, had the fair value of investments strengthened by 10% with all other variables held constant, net assets attributable to holders of participating shares would have increased by £73,925. A 10% weakening of the market value of investments against the above would have resulted in an equal but opposite effect on the above financial statement amounts to the amounts shown above, on the basis that all other variables remain constant. Actual trading results may differ from this sensitivity analysis and the difference may be material.

### (b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Company's currently employs no borrowings.

The Company finances its operations mainly through its share capital and reserves, including realised gains on investments.

Exposure of the Company's financial assets and liabilities to floating interest rates (giving cash flow interest rate risk when rates are reset) and fixed interest rates (giving fair value risk) as at 31 March 2018 is shown below:

Financial instrument	Floating Rate £	Fixed or Administered Rate £	Total £
<b>Cash and cash equivalents</b>	-	1,663,505	1,663,505
Total exposure	-	1,663,505	1,663,505

An administered rate is not like a floating rate, movements in which are directly linked to LIBOR. The administered rate can be changed at the discretion of the lender.

### (c) Currency risk

As at 31st March 2018 the Company's sole investment is denominated in euros whereas its functional and presentation currency is pounds sterling. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to euros may change in a manner that has an adverse effect on the fair value of the Company's assets.

At the reporting date the carrying value of the Company's financial assets and liabilities held in individual foreign currencies as a percentage of its net assets were as follows:

Foreign currency exposure as a percentage of net assets	31 March 2018
<b>Euros</b>	24%

## Sensitivity analysis

If the euro exchange rates increased/decreased by 10% against pounds sterling, with all other variables held constant, the increase/decrease in the net asset attributable to the Company arising from a change financial assets at fair value through profit or loss, which are denominated in euros, would have been +/- £73,925.

## 17) CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's credit risks arise principally through cash deposited with banks, which is subject to risk of bank default.

The Company ensures that it only makes deposits with institutions with appropriate financial standing.

### Liquidity risk

Liquidity risk is the risk that the Company will have difficulty in meeting its obligations in respect of financial liabilities as they fall due.

The Company manages its liquid resources to ensure sufficient cash is available to meet its expected contractual commitments. It monitors the level of short-term funding and balances the need for access to short-term funding, with the long-term funding needs of the Company.

### Capital Management

The Company's capital is represented by ordinary shares and reserves.

The Company's primary objectives in relation to the management of capital are:

- to maximise the long-term capital growth for its shareholders pursuant to its investment objective;
- to ensure its ability to continue as a going concern.

The Company manages its capital structure and liquidity resources to meet its obligations as described above.

### Borrowing limits

Pursuant to the prospectus dated 17 November 2017 the Company can deploy gearing up to 20% of the net asset value of the Company (calculated at the time of borrowing) to seek to enhance returns and for the purpose of capital flexibility and efficient portfolio management. During the period ended 31st March 2018 the Company employed no gearing.

## 18) ULTIMATE CONTROLLING PARTY

It is the opinion of the directors that there is no ultimate controlling party.

## 19) SUBSEQUENT EVENTS

£689,713 disclosed as receivable in the Statement of Position were recovered in full post year end.

On 24 April 2018 the Company completed a direct investment in Immotion Group Limited totalling £500,254.

On 29 June 2018 the Company raised gross proceeds of £200,000 by issuing ordinary shares at £1.00 each. The shares were admitted to the Specialist Funds Segment of the Main Market of the London Stock Exchange and dealings in these ordinary shares commenced on 5 July 2018. The Company now has 3,510,000 ordinary shares in issue following this recent admission.

# 8 Shareholders' Information

# Directors, portfolio manager and advisers

## Directors

Sean Nicolson  
Chris Boody  
Gareth Burchell

*all of the registered office below*

## Registered Office

23<sup>rd</sup> Floor  
20 Fenchurch Street  
London EC3M 3BY  
England

## Manager and AIFM

Shard Capital AIFM LLP  
23<sup>rd</sup> Floor  
20 Fenchurch Street  
London EC3M 3BY  
England

## Placing Agent

Shard Capital Partners LLP  
23<sup>rd</sup> Floor  
20 Fenchurch Street  
London EC3M 3BY  
England

## Website

<http://www.sureventuresplc.com>

## Administrator and Company Secretary

Apex Fund Services (Ireland) Limited  
1st Floor  
Block 2, Harcourt Centre  
Harcourt Street  
Dublin 2  
Ireland

## Registrar

Computershare Investor Services PLC  
The Pavilions, Bridgewater Road  
Bristol BS13 8AE  
England

## Depository

INDOS Financial Limited  
27-28 Clements Lane  
London EC4N 7AE  
United Kingdom

## Independent Auditor

PKF Littlejohn LLP  
1 Westferry Circus  
Canary Wharf  
London E14 4HD  
England

## Share Identifiers

ISIN: GB00BYWYZ460  
Sedol: BYWYZ46  
Ticker: SURE

## Website

The Company's website can be found at <http://www.sureventuresplc.com>. The site provides visitors with Company information and literature downloads.

The Company's profile is also available on third-party sites such [morningstar.co.uk](http://morningstar.co.uk).

## Annual report

Copies of the annual report may be obtained from the Company Secretary or by visiting [www.sureventuresplc.com](http://www.sureventuresplc.com).

## Share prices and net asset value information

The Company's ordinary shares of 1p each are quoted on the London Stock Exchange:

- SEDOL number: BYWYZ46
- ISIN number: GB00BYWYZ460
- EPIC code: SURE

The codes above may be required to access trading information relating to the Company on the internet.

## Electronic communications with the Company

The Company's Annual Report and Accounts, [half-yearly reports] and other formal communications are available on the Company's website. [To reduce costs the Company's half-yearly accounts are not posted to shareholders but are instead made available on the Company's website.]

## Whistleblowing

As the Company has no employees, the Company does not have a whistleblowing policy. The Audit Committee reviews the whistleblowing procedures of the manager and administrator to ensure that the concerns of their staff may be raised in a confidential manner.

## Warning to shareholders – share fraud scams

Fraudsters use persuasive and high-pressure tactics to lure investors into scams. They may offer to sell shares that turn out to be worthless or non-existent, or to buy shares at an inflated price in return for an upfront payment. While high profits are promised, if you buy or sell shares in this way, you will probably lose your money.

## How to avoid share fraud

- Keep in mind that firms authorised by the Financial Conduct Authority are unlikely to contact you out of the blue with an offer to buy or sell shares
- Do not get into a conversation, note the name of the person and firm contacting you and then end the call
- Check the Financial Services Register from [www.fca.org.uk](http://www.fca.org.uk) to see if the person and firm contacting you is authorised by the Financial Conduct Authority
- Beware of fraudsters claiming to be from an authorised firm, copying its website or giving you false contact details
- Use the firm's contact details listed on the register maintained by the Financial Conduct Authority if you want to call it back
- Call the Financial Conduct Authority on 0800 111 6768 if the firm does not have contact details on the register or you are told they are out of date
- Search the list of unauthorised firms to avoid at [www.fca.org.uk/scams](http://www.fca.org.uk/scams)
- Consider that if you buy or sell shares from an unauthorised firm you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme.
- Think about getting independent financial and professional advice before you hand over any money
- Remember: if it sounds too good to be true, it probably is!

5,000 people contact the Financial Conduct Authority about share fraud each year, with victims losing an average of £20,000.

**Report a scam**

If you are approached by fraudsters, please tell the FCA using the share fraud reporting form at [fca.org.uk /scams](https://www.fca.org.uk/scams), where you can find out more about investment scams.

You can also call the FCA Consumer Helpline on 0800 111 6768.

If you have already paid money to share fraudsters, you should contact Action Fraud on 0300 123 2040.