PROVEN LEGACY PLC

ANNUAL REPORT AND ACCOUNTS

For the period from 24 February 2016 (date of incorporation) to 30 June 2017

PROVEN LEGACY PLC

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CHAIRMAN'S STATEMENT

FOR THE PERIOD FROM 24 FEBRUARY 2016 (DATE OF INCORPORATION) TO 30 JUNE 2017

Introduction
I have pleasure in presenting the first Annual Report and Accounts for ProVen Legacy plc (the "Company"). The report covers the period from the Company's incorporation on 24 February 2016 to 30 June 2017, although the Company first allotted shares to shareholders on 31 January 2017.

Fundraising activities
The Company launched an offer for subscription on 3 June 2016 (the "2016 Offer"). The 2016 Offer closed on 2 June 2017 having raised gross proceeds of £950,000, all of which was allotted during the period.

After the period end, the Company launched a further offer for subscription on 7 August 2017 (the "2017 Offer") with an opportunity to raise up to £20 million.

Results
The net loss for the period ended 30 June 2017 was £91,392, which included one-off set up costs of £50,000.

Lending activity
At 30 June 2017, the Company had advanced two loans totalling £750,000 and received capital repayments of £53,538.

The first loan facility of £250,000 was signed in March 2017 with Celoxica Limited and is repayable over two years.

The second loan facility of £500,000 was signed in April 2017 with Cogora Group Limited and was available to drawdown in two tranches. The first tranche of £250,000 was drawn down in April 2017, the second tranche was drawn down in May 2017. Each tranche is repayable over three years.

Annual General Meeting
The Company's AGM will be held at 39 Earlham Street, London, WC2H 9LT at 12.00 p.m. on Tuesday 19 September 2017.

Two items of special business, giving the Directors authority to allot shares to enable the Company to raise additional funds, will be proposed at the AGM.

Post balance sheet events
Other than the matters described above, there were no material events during the period from 1 July 2017 to the date of these financial statements.

Outlook
The Lending Adviser is currently in discussions with a number of other borrowers and these discussions are at various stages of engagement. Your Board is therefore confident there is a strong pipeline of lending opportunities available to deploy the funds raised under the 2017 Offer.

Jamie Perkins
Chairman
21 August 2017

BOARD OF DIRECTORS

FOR THE PERIOD FROM 24 FEBRUARY 2016 (DATE OF INCORPORATION) TO 30 JUNE 2017

Jamie Perkins (Chairman)
Jamie is a partner at Westminster Wealth Management LLP (“Westminster Wealth”), an FCA regulated independent financial planning firm looking after private clients. Jamie heads up the tax efficient investment division, which provides the research, due diligence, investment oversight and advice in this area for private clients. Having filled this role for 10 years, Jamie has reviewed and monitored a significant number of tax advantaged funds and strategies. He also sits on the Westminster Wealth investment committee helping to direct the investment strategy of the group and helps to select discretionary investment solutions for private clients.

Robin Chamberlayne (appointed 24 May 2016)
Robin is the founding partner of Progressive Strategic Solutions LLP (one of the first Chartered firms of Financial Planners in the UK) and co-founder of Armstrong Energy a successful company managing property and energy infrastructure assets in the UK and India. Armstrong Energy manages assets for major institutions and private clients. Robin also sits on the board of a number of EIS backed companies.

Malcolm Moss
Malcolm is a founding partner of Beringea LLP. Over the last 26 years he has been responsible for the growth, development and management of the private equity business of Beringea in both the UK and the USA. In addition to sitting on the boards of ProVen VCT plc and ProVen Growth and Income VCT plc, he sits on the investment committees of Beringea Group’s US venture capital funds.

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

STRATEGIC REPORT

FOR THE PERIOD FROM 24 FEBRUARY 2016 (DATE OF INCORPORATION) TO 30 JUNE 2017

The Directors present the Strategic Report for the period from 24 February 2016 (date of incorporation) to 30 June 2017. The Board prepared this report in accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

Principal activities and status
The Company was incorporated and registered in England and Wales on 24 February 2016. The principal strategy of the Company is to identify opportunities to make loans to a variety of small and medium sized UK private companies with the principal aim of generating stable returns for shareholders, whilst at the same time seeking to provide diversification and risk protection. The common feature of such loans will be that each loan will be backed by assets used in the business, or the business will have predictable revenue streams.

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

- **A proven demand for the company's product or service.** Companies will normally have a turnover of between £1 million and £50 million per annum at the point that the Company provides financing, evidencing demand for their products or services.

- **Core assets** over which the Company will normally take security, such as:
  - Asset backed lending – namely specific finance for, by way of example, plant and machinery, technology, media and telecoms equipment;
  - Renewables assets;
  - Infrastructure assets – for example CCTV systems in car parks; and
  - Property assets – for example student accommodation, hotels, public houses, restaurants, care homes and health clubs.

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

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

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

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

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

As a lender, the Company will not control or influence the boards of directors of companies to whom it lends and may not be in a position to protect its interests fully. Although the Company aims to make asset secured loans to small and medium sized unquoted companies with strong prospects, some companies may have limited cashflow resources to make repayment of the loans. Although the Company intends to take security in the assets which have a resale value, there is no guarantee that the assets will have any value should they need to be sold to repay the debt finance, as they may not be readily marketable.

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

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

Concentration risk of loan portfolio
A high proportion of the Company's net assets is currently represented by loans to two underlying borrowers. The performance of the Company is therefore heavily dependent on the performance of these two underlying borrowers, namely Celoxica Limited and Cogora Group Limited. As noted above, active monitoring of the borrowers is undertaken by the Lending Adviser and as the Company raises further funds under its offer for subscription dated 7 August 2017 and new loans are advanced, it is expected that this concentration risk will be reduced.

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

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

The Company's principal financial risks for the period to 30 June 2017 are detailed in note 10 on pages 22 and 23.

Business review and future developments
The Company's business review and future developments are set out in the Chairman's Statement on page 3.

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

The position of the Net Asset Value per Growth Share and Net Asset Value per Income Share at 30 June 2017 is set out on page 13.

As at 30 June 2017, all scheduled loan repayments had been received by the Company.

By order of the Board

Jamie Perkins
Chairman
21 August 2017

DIRECTORS' REPORT

FOR THE PERIOD FROM 24 FEBRUARY 2016 (DATE OF INCORPORATION) TO 30 JUNE 2017

The Directors present the Annual Report and Accounts of the Company for the period ended 30 June 2017.

Results and dividends
The results for the period are set out on page 12.

No dividends were payable for the period.

Directors
The Directors, whose names and biographies are set out on page 4, all served throughout the period with the exception of Robin Chamberlayne, who was appointed on 24 May 2016.

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

Share capital
The issued share capital of the Company as at 30 June 2017 is set out in note 8 of these accounts on pages 19 to 21.

During the period, 769,250 Redeemable Growth Shares were issued at an average price of £1.00 per Redeemable Growth Share, with an aggregate consideration of £769,250 which excluded share issue costs of £750. 180,000 Redeemable Income Shares were issued at an average price of £1.00 per Redeemable Income Share, with an aggregate consideration of £180,000.

On 24 May 2016, 50,000 Redeemable Preference Shares of £1 each in the Company were allotted and issued to Beringea LLP and paid up as to one quarter so as to enable the Company to obtain a certificate under s761 of the Companies Act 2006. The shares were subsequently fully paid up and then redeemed and cancelled on 9 May 2017.

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

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

Annual General Meeting
The Annual General Meeting of the Company will be held at 39 Earlham Street, London, WC2H 9LT on Tuesday 19 September 2017 at 12.00 p.m.

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

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

DIRECTORS' REPORT

FOR THE PERIOD FROM 24 FEBRUARY 2016 (DATE OF INCORPORATION) TO 30 JUNE 2017

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

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

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

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

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

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

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

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

By order of the Board

Jamie Perkins
Chairman
21 August 2017

INDEPENDENT AUDITOR'S REPORT

FOR THE PERIOD FROM 24 FEBRUARY 2016 (DATE OF INCORPORATION) TO 30 JUNE 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROVEN LEGACY PLC

We have audited the financial statements of ProVen Legacy Plc for the period from 24 February 2016 and ended 30 June 2017 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of Directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT

FOR THE PERIOD FROM 24 FEBRUARY 2016 (DATE OF INCORPORATION) TO 30 JUNE 2017

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Peter Smith (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London, United Kingdom
Date: 21 August 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

PROVEN LEGACY PLC

INCOME STATEMENT
FOR THE PERIOD FROM 24 FEBRUARY 2016 (DATE OF INCORPORATION) TO 30 JUNE 2017

	Note	£
Loan interest income	2	7,712
Administrative expenses	3	(99,138)
Operating loss		**(91,426)**
Interest income		282
Bank charges		(248)
Loss on ordinary activities before taxation		**(91,392)**
Taxation	4	-
Loss on ordinary activities after taxation		**(91,392)**

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

The notes set out on pages 16 to 24 form part of these financial statements.

PROVEN LEGACY PLC

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	£
Fixed Assets		
Loans	5	696,462
Current assets		
Debtors	6	4,148
Cash at bank and in hand		189,485
Creditors – amounts falling due within one year	7	(32,235)
Net current assets		**161,398**
Total assets less current liabilities		**857,860**
Capital and reserves		
Called up share capital	8	9,495
Share premium		939,757
Revenue reserves		(91,392)
Total equity shareholders' funds		**857,860**
Net Asset Value per Redeemable Growth Share	**9**	**90.4p**
Net Asset Value per Redeemable Income Share	**9**	**90.4p**

The notes set out on pages 16 to 24 form part of these financial statements.

Jamie Perkins
Chairman
ProVen Legacy plc
Company number: 10024220
21 August 2017

PROVEN LEGACY PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 24 FEBRUARY 2016 (DATE OF INCORPORATION) TO 30 JUNE 2017

	Called up share capital £	Share premium £	Revenue reserve £	**Total £**
At 24 February 2016	-	-	-	-
Issue of new shares in the period	59,495	940,507	-	1,000,002
Share issue costs	-	(750)	-	(750)
Redemption of shares	(50,000)	-	-	(50,000)
Total comprehensive loss	-	-	(91,392)	(91,392)
At 30 June 2017	**9,495**	**939,757**	**(91,392)**	**857,860**

The notes set out on pages 16 to 24 form part of these financial statements.

PROVEN LEGACY PLC

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 24 FEBRUARY 2016 (DATE OF INCORPORATION) TO 30 JUNE 2017

	£
Loss on ordinary activities after taxation	(91,392)
Loans advanced	(750,000)
Loan repayments received	53,538
Increase in debtors	(4,148)
Increase in creditors	32,235
Net cash used in operating activities	**(759,767)**
Cash flows from investing activities	**-**
Cash flows from financing activities	
Proceeds from share issue	1,000,002
Share issue costs	(750)
Shares redeemed	(50,000)
Net cash from financing	**949,252**
Increase in cash and cash equivalents	**189,485**
Cash at beginning of period	**-**
Net cash inflow for the period	189,485
Cash at end of period	**189,485**

Included in loss on ordinary activities after taxation was interest received of £282.

The notes set out on pages 16 to 24 form part of these financial statements.

1) Accounting policies

The Company was incorporated on 24 February 2016 in England and Wales. The first allotment under the offer for subscription dated 3 June 2016 was made on 31 January 2017. As a result, the first accounting period is from the date of incorporation until 30 June 2017.

The Company has prepared its first statutory financial statements under Financial Reporting Standard 102 ("FRS102"). The following accounting policies have been applied consistently throughout the period from 24 February 2016 until 30 June 2017.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they adopt the going concern basis of accounting in preparing the financial statements.

Income

Interest receivable on loans is recognised on an accruals basis.

Expenses

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

Current and deferred taxation

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

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

Loans

Loans are recognised when the Company becomes a party to the contractual provisions of the loans. Loans are initially recognised at transaction price and subsequently recognised at amortised cost, less any allowance for impairment. Loans are derecognised when the contractual rights to cash flows expire or have been settled.

Cash at bank and in hand

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

Debtors and creditors

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

Capital and reserves

Capital and reserves for the Company represent the following:

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

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

Revenue reserve - the cumulative net return or loss of the Company.

2) Revenue

	£
Loan interest income	7,712

3) Administrative expenses

Included within administrative expenses are the following:

	£
Directors' remuneration	21,799
Auditor's remuneration for statutory audit	7,500
Auditor's remuneration – tax compliance	2,000

Directors' remuneration

Since 3 June 2016, Jamie Perkins and Robin Chamberlayne were entitled to receive a fee of £10,000 per annum. Malcolm Moss is not entitled to a fee.

Once net proceeds of £5,000,000 have been raised by the Company, the fees of Jamie Perkins will increase to £20,000 per annum and the fees of Robin Chamberlayne will increase to £15,000 per annum, as from the commencement of the following financial year.

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

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

4) Tax on ordinary activities

	£
Loss on ordinary activities before taxation	(91,392)
Tax charge at the applicable rate of 19.82%	(18,110)
Effects of:	
Expenses not deductible for tax purposes	8,467
Deferred tax asset not recognised	9,643
Corporation tax charge	-

No deferred tax asset has been recognised as the timing of its recovery cannot be foreseen with any certainty. The unrecognised deferred tax asset, at an anticipated rate of 17%, arising from tax losses carried forward of £48,664, would equate to £8,273.

5) Loans

	£
Debt instruments measured at amortised cost	
Loans at 24 February 2016	-
Loans advanced	750,000
Capital repayments	(53,538)
Loans at 30 June 2017	**696,462**

6) Debtors

	£
Prepayments	4,148
Total	**4,148**

7) Creditors

	£
Accruals	17,860
Deferred loan receipts	12,500
Social security and taxes payable	1,625
Promoters fees payable	250
Total	**32,235**

8) Share capital

	Number	Amount £
Ordinary Shares of £1 each	2	2
Redeemable Growth Shares of £0.01 each	769,250	7,693
Redeemable Income Shares of £0.01 each	180,000	1,800
Total		**9,495**

Share movement in the period

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

	Redeemable Growth Shares		Redeemable Income Shares		Redeemable Preference Shares		Ordinary Shares	
	Number	Amount £	Number	Amount £	Number	Amount £	Number	Amount £
As at 24 February 2016	-	-	-	-	-	-	-	-
Issued in the period	769,250	7,693	180,000	1,800	50,000	50,000	2	2
Redeemed in the period	-	-	-	-	(50,000)	(50,000)	-	-
As at 30 June 2017	**769,250**	**7,693**	**180,000**	**1,800**	**-**	**-**	**2**	**2**

During the period, 769,250 Redeemable Growth Shares were issued at an average price of £1.00 per Redeemable Growth Share, with an aggregate consideration of £769,250 which excluded share issue costs of £750. 180,000 Redeemable Income Shares were issued at an average price of £1.00 per Redeemable Income Share, with an aggregate consideration of £180,000.

On 24 May 2016, 50,000 Redeemable Preference Shares of £1 each in the Company were allotted and issued to Beringea LLP and paid up as to one quarter so as to enable the Company to obtain a certificate under s761 of the Companies Act 2006. The shares were subsequently fully paid up and then redeemed and cancelled on 9 May 2017.

Share Rights

Ordinary Shares

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

Each holder of Ordinary Shares present in person or by proxy shall on a poll have one vote for every Ordinary Share of which he is the holder.

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

Redeemable Growth Shares

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

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

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

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

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

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

Redeemable Income Shares

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

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

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

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

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

9) Net asset value per share

	Total	Redeemable Growth Shares	Redeemable Income Shares	Ordinary Shares
Shares in issue at 30 June 2017	**949,252**	769,250	180,000	2
Net assets	**857,860**	695,188	162,670	2
Net asset value per share		**90.4p**	**90.4p**	**100.0p**

10) Principal risks

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

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

Interest rate risk

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

Credit risk

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

Cash is held by the Royal Bank of Scotland plc, rated BBB+ by both Standard and Poor's and Fitch, and ultimately part-owned by the UK Government. Consequently, the Directors consider that the risk profile associated with cash is low.

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

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

	£
Cash and cash equivalents	189,485
Loans	696,462
	885,947

Liquidity risk

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

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

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

As at 30 June 2017, no creditors are past due.

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

	Loans	**Cash**	**Creditors**
	£	**£**	**£**
Receivable after more than 1 year	472,873	-	-
Receivable/ (due) within 1 year	223,589	189,485	(32,235)
Total	**696,462**	**189,485**	**(32,235)**

11) Capital management

As the Company has a low level of liabilities, the Board considers the Company's net assets to be its capital. The primary objective of the Company's capital management is to hold a diversified lending portfolio with a view of minimising the risk of each loan and the portfolio as a whole in order to achieve capital preservation for shareholders. The Company does not have any externally imposed capital requirements.

12) Contingencies, Guarantees and Financial Commitments

At 30 June 2017, the Company had no contingent liabilities, guarantees and financial commitments.

13) Controlling Party and related party transactions

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

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

During the period to 30 June 2017, fees payable to Beringea LLP in its capacity as Administration Manager amounted to £8,333, of which £8,333 was outstanding at the period end.

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

Beringea LLP also acted as promoter for the offer for subscription dated 3 June 2016. The promoter's fees in the period amount to £250 out of which Beringea LLP paid certain costs of the offer as well as initial commissions. At the period end, an amount of £250 was outstanding in respect of these services.

On 24 May 2016, 50,000 Redeemable Preference Shares of £1 each in the Company were allotted and issued to Beringea LLP and paid up as to one quarter so as to enable the Company to obtain a certificate under s761 of the Companies Act 2006. The shares were subsequently fully paid up and then redeemed and cancelled on 9 May 2017.

14) Post balance sheet events

After the period end, the Company launched a further offer for subscription on 7 August 2017 (the "2017 Offer") with an opportunity to raise up to £20 million.

PROVEN LEGACY PLC
COMPANY INFORMATION

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10024220

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