

**PROVEN LEGACY LIMITED**

**ANNUAL REPORT AND ACCOUNTS**

**For the year ended 30 June 2021**

# PROVEN LEGACY LIMITED

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### FOR THE YEAR ENDED 30 JUNE 2021

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# **CHAIRMAN'S STATEMENT**

## **FOR THE YEAR ENDED 30 JUNE 2021**

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### **Introduction**

I have pleasure in presenting the Annual Report and Accounts for ProVen Legacy Limited (the "Company" or "Legacy") for the year ended 30 June 2021.

### **Fundraising activities**

To date the Company has raised £3,495,761 and, as previously reported, Beringea LLP (the "Lending Adviser" or "Beringea") has recently been working with another party experienced in the solar sector with a view to expanding the Beringea offering and increasing fundraising.

I am therefore pleased to report that Beringea launched an Estate Planning Service with Armstrong Capital ("Armstrong"). Armstrong is a London-based Asset Manager focused on the impact investment sector with a core strategy of identifying opportunities capable of delivering an environmental and social impact in parallel with attractive financial returns. Together, Beringea and Armstrong now manage trading companies with over £92m in combined assets.

In conjunction with the above, Shareholders were also written to in May 2021 regarding the re-registration of Legacy as a private company. As was explained in this circular, the Board believes that the Company's business is better achieved as a private company, primarily due to the absence of the additional regulatory disclosure and administrative processes required of a public company. Shareholders therefore voted to approve a number of resolutions, including one to this effect, at a General Meeting held on 7 June 2021. The Company was subsequently re-registered as ProVen Legacy Limited.

### **Results**

The net profit for the year ended 30 June 2021 was £86,152 (2020: £15,393).

### **Dividends**

The Company did not declare a dividend in the year to 30 June 2021 (2020: Nil).

### **Lending activity**

At 30 June 2021, the Company had advanced nine loans totalling £5,833,650 (2020: £3,408,650). Of these, a total of £1,250,000 had been fully repaid. Of the remaining balance, total outstanding balances amounted to £2,750,332 (2020: £821,663) at 30 June 2021.

During the year, a new loan of £225,000 was made to Moor Leasing Limited, a company which specialises in delivering B2B solutions designed to help drive sales, increase margin, and improve customer satisfaction. A facility agreement for £1.8 million was also signed in August 2020 with Eden Acquisitions Limited, a merger and acquisitions business operating in the solar sector. Furthermore, as part of a restructure of the Premier Employer Solutions Limited facility in conjunction with one of the company's software partners, Cloud 8 Limited, £250,000 was drawn down by Cloud 8 Limited in September 2020.

An additional £150,000 was extended to Cogora Limited, an existing portfolio company, in May 2021. The outstanding balance of this facility was subsequently consolidated into the company's other existing loan balances at 30 June 2021 and will result in increased interest income for Legacy over the following nine months.

Inevitably, the economic and commercial turbulence created by the COVID-19 pandemic has impacted the Company. Last year, in order to support portfolio companies through the initial shock of the outbreak, companies were offered a repayment holiday for the final quarter to 30 June 2020. All existing loan agreements were renegotiated subsequent to this with the first repayments occurring on 1 July 2020. These have all continued as scheduled to date.

# CHAIRMAN'S STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2021

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### **Annual General Meeting**

In light of the 'social distancing' measures and the legislation proposed to allow companies to hold general meetings safely, last year's AGM was held as a closed AGM and Shareholders were unfortunately unable to attend.

We are keen to welcome Shareholders in person to our 2021 AGM this year, particularly given the constraints we faced in 2020. At the time of writing, the Government has removed all legal limits on social contact and we are therefore proposing to hold the Annual General Meeting at 39 Earham Street, London, WC2H 9LT at 1.00pm on Wednesday 13 October 2021.

However, given the continued uncertainty of the situation, we want to ensure that we are able to adapt these arrangements efficiently to respond to changes in circumstances. On this basis, we are asking Shareholders to register if they intend to attend the AGM. Should the situation change such that we consider that it is no longer possible for Shareholders to attend the meeting, we will notify Shareholders via email (to the address provided at the time of registration). Any updates to the position will also be included on our website at [provenlegacy.co.uk](http://provenlegacy.co.uk)

**Shareholders intending to attend the Annual General Meeting are asked to register their intention as soon as practicable by email to [info@beringea.co.uk](mailto:info@beringea.co.uk).**

You will not receive a hard copy form of proxy for the 2021 AGM in the post. Instead, you will be able to vote electronically using the link [www.signalshares.com](http://www.signalshares.com). You will need to log into your Signal Shares account, or register if you have not previously done so. To register you will need your Investor Code, this is detailed on your share certificate or available from our Registrar, Link Asset Services.

Alternatively you may request a hard copy proxy form to be sent to you directly from the registrars, Link Asset Services' general helpline team on Tel: 0371 664 0324. Calls are charged at the standard geographic rate and will vary by provider. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

Given the current circumstances and the continued prevalence of the practice of working from home, there is still a risk that votes may not be counted if cast by paper proxy. The Company therefore encourages Shareholders to vote electronically. With many people still working from home and delays in the postal system, there is a risk that your vote may not be counted if you send a paper proxy.

### **Post balance sheet events**

On 11 August 2021, the Company redeemed 38,232 Redeemable Growth Shares at an average price of £1.03 per share, with an aggregate consideration of £39,571.

Other than the matter described above, there were no material events during the period from 1 July 2021 to the date of these financial statements.

**CHAIRMAN'S STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**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 capital and interest repayments received on the current portfolio, as well as funds raised in the near future.

**Jamie Perkins**  
Chairman  
13 September 2021

**BOARD OF DIRECTORS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**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 20 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**

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 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 30 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 YEAR ENDED 30 JUNE 2021

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The Directors present the Strategic Report for the year ended 30 June 2021. The Board prepared this report in accordance with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013.

### Principal activities and status

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**, fixed and current, 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;
  - Renewable assets;
  - Infrastructure assets;
  - Property assets;
  - Stock; and
  - Debtors.

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

# STRATEGIC REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

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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 a 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 a loan to one borrower in particular, namely Eden Acquisitions Limited. The performance of the Company is therefore heavily dependent on the performance of this borrower. As noted above, active monitoring of the borrowers is undertaken by the Lending Adviser and as further loans are advanced and capital repayments are made by Eden Acquisition Limited, it is expected that this concentration risk will be reduced.

### *Risks relating to taxation*

The Directors intend to operate the Company in the expectation that the trading activities of the Company will be a qualifying trade for Inheritance Tax Business Property Relief, 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 and specifically Business Property Relief in relation to the activities of the Company.

The Company's principal financial risks for the year ended 30 June 2021 are detailed in note 12 on pages 29 and 30.

### *Brexit*

BREXIT has been a background concern for some time with companies assessing how best to prepare and limit its eventual impact on their operations. Fortunately, with only one portfolio company dealing in physical goods, the ending of the transition period on 31 December 2020 has had a limited impact. Nevertheless, all companies have been proactive, with one in particular setting up a mainland European subsidiary in order to satisfy the EU regulations specific to their product, therefore enabling them to continue to trade.

### *COVID-19 pandemic*

The short-term outlook for the UK economy continues to be dominated by the COVID-19 pandemic. The final impact on the Company, if any, is difficult to predict. The Company is, however, through its Lending Adviser, in close contact with portfolio companies, receiving regular updates on performance. With all repayments continuing to be on time and as expected following the end of the agreed repayment holidays on 30 June 2020, there are no indications that any company is suffering any particularly adverse effects. Nevertheless, loans are kept under review for any impairment. This is discussed in more detail in the Chairman's Statement.



# STRATEGIC REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

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### **Business review and future developments**

The Company's business review and future developments are set out in the Chairman's Statement on pages 3 to 5.

### **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.

During the year, the Net Asset Value ("NAV") per Growth Share increased from 102.4p to 105.0p at 30 June 2021.

During the same period, the Net Asset Value ("NAV") per Income Share increased from 100.7p to 103.3p at 30 June 2021.

The total difference in Net Asset Value between the two share classes is primarily a result of the 1.4p per share total dividends paid to Income Shareholders to date as well as the associated administrative costs.

### **Board engagement with our stakeholders**

The Directors have considered section 172 of the Companies Act 2006 and are aware of their wider responsibilities not only to the Company and its members but also to a wider group of stakeholders. As a company, we believe in forming strong, open and direct relationships with our key stakeholders, including clients, suppliers and regulators.

- *Clients:* The Board receives regular updates from senior management on the company's interaction with its investee companies. There are no individual clients.
- *Suppliers:* We ensure we have signed contracts with all major suppliers and we seek to meet our contractual obligations to all suppliers.
- *Regulators:* we engage regularly in open, candid discussions with our regulators and prioritise meeting all necessary regulatory requirements.

By order of the Board

**Jamie Perkins**

Chairman

13 September 2021

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

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The Directors present the Annual Report and Accounts of the Company for the year ended 30 June 2021.

### **Results and dividends**

The results for the year are set out on page 17.

The Company did not declare a dividend in the year to 30 June 2021 (2020: Nil).

### **Directors**

The Directors, whose names and biographies are set out on page 6, all served throughout the year.

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 2021 is set out in note 8 of these accounts on pages 25 to 28.

During the year, 358,466 Redeemable Growth Shares were issued at an average price of £1.03 per Redeemable Growth Share, with an aggregate consideration of £367,500, which excluded share issue costs of £7,500. One Redeemable Income Share was also issued at a price of £1.01.

During the year, 57,309 Redeemable Growth Shares were redeemed at an average price of £1.02 per share, with an aggregate consideration of £58,608.

### **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**

Following a review of the audit engagement and its forecast costs, the Board decided to appoint new auditors for the year ended 30 June 2021.

BDO LLP therefore resigned as auditor to the Company on 11 May 2021 and a resolution to appoint Lubbock Fine LLP as the Company's auditor will be proposed at the forthcoming AGM.

### **Annual General Meeting**

In light of the 'social distancing' measures and the legislation proposed to allow companies to hold general meetings safely, last year's AGM was held as a closed AGM and Shareholders were unfortunately unable to attend.

We are keen to welcome Shareholders in person to our 2021 AGM this year, particularly given the constraints we faced in 2020. At the time of writing, the Government has removed all legal limits on social contact and we are therefore proposing to hold the Annual General Meeting at 39 Earlam Street, London, WC2H 9LT at 1:00pm on Wednesday 13 October 2021.

Given the current circumstances and the continued prevalence of the practice of working from home, there is still a risk that votes may not be counted if cast by paper proxy. The Company therefore encourages Shareholders to vote electronically. With many people still working from home and delays in the postal system, there is a risk that your vote may not be counted if you send a paper proxy.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

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Please see page 4 of the Chairman's Statement for further details.

### **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.

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](http://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.

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**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  
13 September 2021

# **INDEPENDENT AUDITOR'S REPORT**

## **FOR THE YEAR ENDED 30 JUNE 2021**

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### **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF PROVEN LEGACY LIMITED**

#### **Opinion**

We have audited the financial statements of ProVen Legacy Limited ("the Company") for the year ended 30 June 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its profit for the year 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.

#### **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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# **INDEPENDENT AUDITOR'S REPORT**

## **FOR THE YEAR ENDED 30 JUNE 2021**

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### **Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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

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

- the information given in the Strategic Report and Directors' Report for the financial year 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.

### **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 and Directors' Report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to Companies Act 2006 requires us to report to you if, in our opinion:

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

### **Responsibilities of Directors**

As explained more fully in the Directors' Report, 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.

# INDEPENDENT AUDITOR'S REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

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### **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 Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- Enquiries of management, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance of laws and regulations; and
- Discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. The engagement team includes audit partners and staff who have extensive experience of working with entities in similar sectors and this experience was relevant to the discussion about where fraud risks might arise.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006 and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These general data protection regulations, health and safety regulations, and employment law.

As a result of these procedures, we considered the particular areas that were susceptible to misstatement due to fraud were in respect of management override. Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;

# INDEPENDENT AUDITOR'S REPORT

## FOR THE YEAR ENDED 30 JUNE 2021

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- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- reviewing revenue recognition on a sample basis;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the rationale of any significant transactions that are unusual or outside the normal course of the Company's operations.

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 Auditors' Report.

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

**Stephen Banks** (Senior Statutory Auditor)  
For and on behalf of  
**Lubbock Fine LLP**  
Chartered Accountants & Statutory Auditors  
Paternoster House  
65 St Paul's Churchyard  
London  
EC4M 8AB

Date: 13 September 2021



**PROVEN LEGACY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	Year ended 30 June 2021 £	Year ended 30 June 2020 £
Loan interest income	2	172,111	96,405
Other income	2	19,428	19,500
<b>Operating income</b>		<b>191,539</b>	<b>115,905</b>
Administrative expenses		(84,777)	(95,721)
<b>Operating profit</b>		<b>106,762</b>	<b>20,184</b>
Interest income		30	1,750
Bank charges		(430)	(394)
<b>Profit on ordinary activities before taxation</b>		<b>106,362</b>	<b>21,540</b>
Taxation	4	(20,210)	(6,147)
<b>Profit on ordinary activities after taxation</b>		<b>86,152</b>	<b>15,393</b>

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 21 to 31 form part of these financial statements.

**PROVEN LEGACY LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021**

		As at 30 June 2021	As at 30 June 2020
	Note	£	£
<b>Fixed Assets</b>			
Loans	13	2,750,332	821,663
<b>Current assets</b>			
Debtors	5	44,192	27,339
Cash at bank and in hand		795,785	2,572,500
Creditors – amounts falling due within one year	6	(58,957)	(60,195)
<b>Net current assets</b>		<b>781,020</b>	<b>2,539,644</b>
<b>Total assets less current liabilities</b>		<b>3,531,352</b>	<b>3,361,307</b>
<b>Capital and reserves</b>			
Called up share capital	8	33,678	30,666
Share premium		2,917,468	3,053,552
Unallotted share capital		-	225,000
Revenue reserves		580,206	52,089
<b>Total equity shareholders' funds</b>		<b>3,531,352</b>	<b>3,361,307</b>
<b>Net Asset Value per Redeemable Growth Share</b>	9	<b>105.0p</b>	<b>102.4p</b>
<b>Net Asset Value per Redeemable Income Share</b>	9	<b>103.3p</b>	<b>100.7p</b>

The notes set out on pages 21 to 31 form part of these financial statements.

**Jamie Perkins**

Chairman

ProVen Legacy Limited

Company number: 10024220

13 September 2021

## PROVEN LEGACY LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

For the year ended 30 June 2021	Note	Called up share capital £	Share premium £	Unallotted share capital £	Revenue reserve £	Total £
<b>At 1 July 2020</b>		<b>30,666</b>	<b>3,053,552</b>	<b>225,000</b>	<b>52,089</b>	<b>3,361,307</b>
Issue of new shares in the period		3,585	371,416	-	-	<b>375,001</b>
Unallotted share capital		-	-	(225,000)	-	<b>(225,000)</b>
Share issue costs	11	-	(7,500)	-	-	<b>(7,500)</b>
Redemption of shares		(573)	-	-	(58,035)	<b>(58,608)</b>
Cancellation of share premium account		-	(500,000)	-	500,000	-
Total comprehensive income		-	-	-	86,152	<b>86,152</b>
<b>At 30 June 2021</b>		<b>33,678</b>	<b>2,917,468</b>	<b>-</b>	<b>580,206</b>	<b>3,531,352</b>
<b>For the year ended 30 June 2020</b>		<b>Called up share capital £</b>	<b>Share premium £</b>	<b>Unallotted share capital £</b>	<b>Revenue reserve £</b>	<b>Total £</b>
<b>At 1 July 2019</b>		<b>26,466</b>	<b>2,629,428</b>	<b>115,000</b>	<b>37,672</b>	<b>2,808,566</b>
Issue of new shares in the period		4,450	462,549	(115,000)	-	<b>351,999</b>
Unallotted share capital		-	-	225,000	-	<b>225,000</b>
Share issue costs		-	(13,702)	-	-	<b>(13,702)</b>
		(250)	(24,723)	-	-	<b>(24,973)</b>
Redemption of shares		-	-	-	(976)	<b>(976)</b>
Dividends paid		-	-	-	15,393	<b>15,393</b>
Total comprehensive loss		-	-	-	-	<b>-</b>
<b>At 30 June 2020</b>		<b>30,666</b>	<b>3,053,552</b>	<b>225,000</b>	<b>52,089</b>	<b>3,361,307</b>

The notes set out on pages 21 to 31 form part of these financial statements.

**PROVEN LEGACY LIMITED**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Year ended 30 June 2021	Year ended 30 June 2020
	£	£
Profit on ordinary activities before taxation	106,362	21,540
Loans advanced	(2,425,000)	(400,000)
Capital loan repayments received	496,331	557,421
Increase/(decrease) in debtors	(16,853)	(20,981)
(Decrease)/increase in creditors	(1,238)	(69,553)
Tax paid	(20,210)	(15,534)
<b>Net cash used in operating activities</b>	<b>(1,860,608)</b>	<b>72,893</b>
<b>Cash flows from investing activities</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>		
Proceeds from share issue – allotted	150,001	352,000
Proceeds from share issue – unallotted	-	225,000
Share issue costs	(7,500)	(13,702)
Shares redeemed	(58,608)	(24,973)
Dividends paid	-	(976)
<b>Net cash from financing</b>	<b>83,893</b>	<b>537,349</b>
<b>Increase in cash and cash equivalents</b>	<b>(1,776,715)</b>	<b>610,242</b>
<b>Cash at beginning of period</b>	<b>2,572,500</b>	<b>1,962,258</b>
Net cash inflow for the period	(1,776,715)	610,242
<b>Cash at end of period</b>	<b>795,785</b>	<b>2,572,500</b>

Included in profit on ordinary activities before taxation was interest received of £30 (2020: £1,750).

The notes set out on pages 21 to 31 form part of these financial statements.

# PROVEN LEGACY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### 1) Accounting policies

Proven Legacy Limited is a private company limited by shares, incorporated in England & Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the Strategic Report. The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The following accounting policies have been applied consistently throughout the year.

#### 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. The Directors have assessed the cash profile of the Company, the impact of the COVID-19 pandemic on the repayment of loans, the low level of expenses in relation to loans and the fundraising post year end and consider no foreseeable issues. Thus they adopt the going concern basis of accounting in preparing the financial statements.

#### Income

Income from loans is recognised on an effective rate basis, reflecting all fixed returns associated with the loan and amortised over the life of the loan.

Other income is recognised when the Company becomes contractually entitled to the income.

#### 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 as assessed based on the loan's effective interest rate, which includes all fixed returns associated with the loan, less any allowance for impairment. Loans are derecognised when the contractual rights to cash flows expire or have been settled.

# PROVEN LEGACY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### **Provisions and contingent liabilities**

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

A contingent liability is recognised where the obligation is possible or where the outflow cannot be measured reliably.

### **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**

The Company's share capital comprises Ordinary Shares, Redeemable Growth Shares and Redeemable Income Shares.

These share classes are considered to constitute equity rather than liabilities because there is no contractual obligation to deliver cash through mandatory redemption of shares or mandatory dividend payments and because the shares have a residual interest in the assets of the Company after deducting all of its liabilities since these shares are entitled to a proportion of capital on wind up.

Capital and reserves for the Company represent the following:

Called up share capital – the nominal value of shares issued, increased for subsequent share issues or reduced due to shares redeemed by the Company.

Share premium – this reserve contains the excess of gross proceeds over the nominal value of shares allotted, less any share issue costs, to the extent that it has not been cancelled.

Unallotted share capital – this reserve contains any consideration received for the issue of share capital, but which, at the date of these financial statements, is yet to be formally issued and allotted to the individuals who paid such consideration.

Revenue reserve - the cumulative net return or loss of the Company. Dividends may be paid from this reserve. During the year, the Company cancelled a proportion of its share premium and transferred it to the revenue reserve. This was to enhance the Company's ability to pay dividends and to facilitate any future share redemptions.

### **Dividends**

Dividends payable are recognised when they become legally binding, being on approval by the Directors in a Board meeting, subject to availability of distributable reserves.

### **Significant judgements and estimates**

#### *Provisions and Contingent Liabilities*

The Company exercises judgement in measuring and recognising provisions and the exposures to

# PROVEN LEGACY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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contingent liabilities. A provision is recognised when there is a present obligation as a result of a past event and where a transfer of economic benefits is probable to settle the obligation and the obligation can be reliably measured. Provisions are measured at the best estimate of the amount required to settle the obligation at the reporting date.

Contingent liabilities arise where the outflow of economic benefits cannot be measured reliably or it is not probable that an outflow of economic benefits will be required.

### *Impairment of Loans*

A loan is considered to be impaired when it is probable that not all of the related principal and interest payments will be collected.

Loans are reviewed for impairment at each reporting date and when the Company is aware of events or other factors which may indicate an impairment could arise. Management assesses the impairment of loans through discussion at Board meetings, having regular communication with senior management, reviewing forecasts, monitoring covenants and assessing where the loan is held in the equity and debt stack.

In reviewing for impairment management also consider a number of factors, including whether all repayments have been made to date, the past and present performance and future forecasts of the companies the loans have been provided to, the impact of COVID-19 on performance and any other available information.

## 2) Revenue

	Year ended 30 June 2021	Year ended 30 June 2020
	£	£
Loan interest income	172,111	96,405
Other income	19,428	19,500

Loan interest income includes any fixed exit fees which form part of a facility agreement. These fees have been factored into the effective interest rate applied to the life of a loan. If a loan terminates early, however, any balance in excess of that already included in interest will be recognised separately as early exit income.

Other income comprises £7,500 (2020: £10,000) of income recognised in relation to loans that did not proceed to completion, £750 (2020: £9,500) of arrangement and monitoring fees on loans arranged by the Company and £11,178 (2020: £nil) of covenant amendment fees.

**PROVEN LEGACY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**3) Administrative expenses**

Included within administrative expenses are the following:

	Note	Year ended 30 June 2021 £	Year ended 30 June 2020 £
Set up costs / (set up costs reimbursed)	12	-	12,500
Directors' remuneration		20,000	20,000
Social security costs on Directors' remuneration		334	378
Auditor's remuneration for statutory audit		10,316	12,500
Auditor's remuneration – tax compliance		2,593	3,750

**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**

	Year ended 30 June 2021 £	Year ended 30 June 2020 £
Profit on ordinary activities before taxation	106,362	21,540
Tax charge at the applicable rate of 19.00% (2020: 19.00%)	20,210	4,093
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	2,054
Corporation tax charge	20,210	6,147



**PROVEN LEGACY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**5) Debtors**

	<b>As at 30 June 2021 £</b>	<b>As at 30 June 2020 £</b>
Accrued interest	32,654	25,552
Other debtors	11,538	1,787
<b>Total</b>	<b>44,192</b>	<b>27,339</b>

**6) Creditors**

	<b>As at 30 June 2021 £</b>	<b>As at 30 June 2020 £</b>
Accruals	36,148	51,448
Taxation payable	20,209	6,147
Social security and taxes payable	2,000	2,000
Promoters fees payable	600	600
<b>Total</b>	<b>58,957</b>	<b>60,195</b>

**7) Contingencies, Guarantees and Financial Commitments**

At 30 June 2021, the Company had no contingent liabilities, guarantees and financial commitments.

**8) Share capital**

**Issued, allotted, called up and fully paid:**

	<b>30 June 2021</b>		<b>30 June 2020</b>	
	<b>Number</b>	<b>Amount £</b>	<b>Number</b>	<b>Amount £</b>
Ordinary Shares of £1 each	2	2	2	2
Redeemable Growth Shares of £0.01 each	3,148,572	31,486	2,847,415	28,474
Redeemable Income Shares of £0.01 each	218,990	2,190	218,989	2,190
<b>Total</b>		<b>33,678</b>		<b>30,666</b>

**PROVEN LEGACY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

Share movement in the period

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

	Redeemable Growth Shares		Redeemable Income Shares		Ordinary Shares	
	Number	Amount £	Number	Amount £	Number	Amount £
As at 1 July 2020	2,847,415	28,474	218,989	2,190	2	2
Issued in the period	358,466	3,585	1	-	-	-
Redeemed in the period	(57,309)	(573)	-	-	-	-
As at 30 June 2021	<b>3,148,572</b>	<b>31,486</b>	<b>218,990</b>	<b>2,190</b>	<b>2</b>	<b>2</b>

During the year, 358,466 Redeemable Growth Shares were issued at an average price of £1.03 per Redeemable Growth Share, with an aggregate consideration of £367,500, which excluded share issue costs of £7,500. One Redeemable Income Share was also issued at a price of £1.01.

During the year, 57,309 Redeemable Growth Shares were redeemed at an average price of £1.02 per share, with an aggregate consideration of £58,608.

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

## **PROVEN LEGACY LIMITED NOTES TO THE FINANCIAL STATEMENTS**

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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%.

**PROVEN LEGACY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**

**At 30 June 2020**

	<b>Total</b>	Redeemable Growth Shares	Redeemable Income Shares	Ordinary Shares
Shares in issue at 30 June 2020	<b>3,066,406</b>	2,847,415	218,989	2
Net assets (excluding unallotted share capital)	<b>£3,136,307</b>	£2,915,795	£220,510	£2
<b>Net asset value per share</b>		<b>102.4p</b>	<b>100.7p</b>	<b>100.0p</b>
Unallotted share capital	£225,000	£225,000	-	-
<b>Net assets</b>	<b>£3,361,307</b>	<b>£3,140,795</b>	<b>£220,510</b>	<b>£2</b>

**At 30 June 2021**

	<b>Total</b>	Redeemable Growth Shares	Redeemable Income Shares	Ordinary Shares
Shares in issue at 30 June 2021	<b>3,367,564</b>	3,148,572	218,990	2
Net assets (excluding unallotted share capital)	<b>£3,531,352</b>	£3,305,238	£226,112	£2
<b>Net asset value per share</b>		<b>105.0p</b>	<b>103.3p</b>	<b>100.0p</b>
Unallotted share capital	-	-	-	-
<b>Net assets</b>	<b>£3,531,352</b>	<b>£3,305,238</b>	<b>£226,112</b>	<b>£2</b>

**PROVEN LEGACY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**10) Dividends**

	Year ended 30 June 2021			Year ended 30 June 2020			
	Pence	Income Shares £	Growth Shares £	Total £	Income Shares £	Growth Shares £	Total £
<b>Ordinary dividends</b>							
<b>Paid</b>							
2019 Final	0.4p	-	-	-	976	-	976
		-	-	-	<b>976</b>	-	<b>976</b>

**11) Controlling Party and related party transactions**

In the opinion of the Directors, there is no immediate or ultimate controlling party. There are no key management personnel other than the Directors.

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 year from 1 July 2020 to 30 June 2021, fees payable to Beringea LLP in its capacity as Administration Manager amounted to £29,612 (2020: £26,593). A total of £7,427 (2020: £26,593) remained outstanding at 30 June 2021 in respect of administration fees.

No fees (2020: £nil) were paid to Beringea LLP in its capacity as Lending Adviser.

Beringea LLP also acted as promoter for the offer for subscription dated 17 September 2019. The promoter's fees in the period amounted to £7,500 (2020: £13,702), out of which Beringea LLP paid certain costs of the offer as well as initial commissions.

Beringea also received arrangement fees in respect of loans extended by the Company totaling £36,100 (2020: £nil) and monitoring fees of £15,000 (2020: £nil). These fees are payable by the borrowers and are not a direct liability of the Company.

**12) Principal risks and financial instruments**

The Company operates as a lending company and has a portfolio of loans that are treated as financial instruments, measured at amortised cost as per the accounting policies in Note 1.

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

## PROVEN LEGACY LIMITED NOTES TO THE FINANCIAL STATEMENTS

- Liquidity risk.

### *Interest rate risk*

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

### *Credit risk*

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

Cash is held by the Royal Bank of Scotland plc, rated A by Standard and Poor's and A+ by Fitch (based on long term, inside the ring fence, credit ratings), 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	795,785
Loans	2,750,332
	<b>3,546,117</b>

### *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 2021, 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	707,526	-	-
Receivable/(due) within 1 year	2,042,806	795,785	(58,957)
Total	<b>2,750,332</b>	<b>795,785</b>	<b>(58,957)</b>

**PROVEN LEGACY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**13) Loans**

<b>Opening balance at 1 July 2020</b>	<b>821,663</b>
Advances in the period	2,425,000
Repayments	(496,331)
<b>Closing balance at 30 June 2021</b>	<b>2,750,332</b>

**14) Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's Statement on pages 3 to 5, the Strategic Report on pages 7 to 9, and the Directors' Report on pages 10 to 12. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are shown in the Statement of Financial Position on page 18, the Statement of Cash Flows on page 20 and the Strategic Report on pages 7 to 9. In addition, note 12 to the financial statements includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources both at the year end and at the date of this report. The Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statement.

**15) Post balance sheet events**

On 11 August 2021, the Company redeemed 38,232 Redeemable Growth Shares at an average price of £1.03 per share, with an aggregate consideration of £39,571.

Other than the matter described above, there were no material events during the period from 1 July 2020 to the date of these financial statements.

**PROVEN LEGACY LIMITED  
COMPANY INFORMATION**

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**Company Number**

10024220

**Directors**

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

**Company Secretary**

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

**Registered office and business address**

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London WC2H 9LT  
Tel: 020 7845 7820

**Lending Adviser**

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London WC2H 9LT  
Tel: 020 7845 7820

**Administration Manager**

Beringea LLP  
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Tel: 020 7845 7820

**BPR Tax Advisers**

Philip Hare & Associates LLP  
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EC4Y 0HA

**Solicitors to the Company**

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Cheltenham  
Gloucestershire GL50 1YD

**Registrars**

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LS1 4DL

**Auditor to the Company**

Lubbock Fine  
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