ADAMS PLC

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2019

Directors, Officers and Advisers

Directors

M A Bretherton	Chairman
N J Woolard	Non-executive director
A R J Mitchell	Non-executive director

Secretary
P P Scales

Registrar and Registered office
FIM Capital Limited
IOMA House
Hope Street
Douglas
Isle of Man
IM1 1AP

Auditors
Jeffreys Henry LLP
Finsgate
5-7 Cranwood Street
London
EC1V 9EE

Nominated Advisor
Cairn Financial Advisers LLP
Cheyne House
Crown Court
62-63 Cheapside
London
EC2V 6AX

Broker
Peterhouse Capital Limited
3rd Floor Liverpool House
15 Eldon Street
London
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Crest Agent
Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey
GU9 7DR

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Chairman's Statement

for the year ended 31 March 2019

Adams Plc ("Adams" or the "Company") reported a profit after tax of £257,000 for the year ended 31 March 2019 compared to a profit of £180,000 in the prior year. The increase in profitability is principally due to higher reported gains on the valuation of investments.

During the year, the Company spent £0.21 million on the purchase of additional investments and realised proceeds of £0.53 million from investment disposals. The carrying value of investments at 31 March 2019 was £2.08 million, represented by three listed and one unlisted investment holding, which was in line with the prior year-end carrying value of £2.08 million as represented by three listed and three unlisted investment holdings at 31 March 2018.

Net assets increased to £2.37 million (equivalent to 2.87p per share) at the 31 March 2019 balance sheet date, compared with £2.11 million (equivalent to 2.55p per share) at the previous year end. The increase in net assets fully reflects the profit reported for the year.

Cash and cash equivalent balances were £315,000 at 31 March 2019 compared to cash balances of £52,000 at 31 March 2018.

Business model and investing policy

Adams is an investing company with an investing policy under which the Board is seeking to acquire interests in special situation investment opportunities that have an element of distress, dislocation, dysfunction or other special situation attributes and that the Board perceives to be undervalued. The principal focus is in the small to middle-market capitalisation sectors in the UK or Europe, but the Directors will also consider possible special situation opportunities anywhere in the world if they believe there is an opportunity to generate added value for shareholders.

Loan Facility

On 29 January 2019, Adams announced that, in support of its investment strategy, the Company had entered into an agreement with Adams's largest shareholder, Richard Griffiths and his controlled company, Blake Holdings Limited, for the provision of an unsecured loan facility of up to £3 million in total. The Company believes there is potential to yield increased investment returns if Adams has access to such further cash resources to finance additional special situation investment opportunities.

This loan facility may be drawn down by the Company in minimum tranches of £500,000 and has no fixed term but is repayable in full or in part six months after any repayment notice issued by either the lender or the Company. Interest accrues daily based on a rate of 7 per cent. per annum and is paid six monthly in arrears. No arrangement, commitment or exit fees have or will be charged.

No part of this loan facility has been drawn down to date.

Investment Portfolio

The listed investments held by the Company at 31 March 2019 comprised Petrofac Limited ("Petrofac"), Eland Oil & Gas Plc ("Eland"), and Midatech Pharma Plc ("Midatech"). In addition, the Company holds shares and loan notes in unquoted Sherwood Holdings Limited which has Source Bioscience Limited ("Source Bioscience") as its principal subsidiary company asset.

Petrofac is listed on the Main Market of the London Stock Exchange and is a multinational service provider to the oil and gas production and processing industry. The company, which has 31 offices and approximately 13,500 staff worldwide, designs, builds, operates and maintains oil and gas facilities with a focus on delivering first class project execution, cost control and effective risk management. For the year ended 31 December 2018, Petrofac reported a profit of US $350 million after tax before exceptional items, on revenue of US $5.83 billion. During that period, the company incurred exceptional costs of US $289 million on mainly the write down of an installation vessel following the decision to exit the deep-water market, together with a further write down of its interests in Mexico and the Greater Stella Area development, both of which are in the process of disposal, and which resulted in a reported overall profit after tax for the year of US $61 million.

Eland is an AIM listed independent oil and gas company focused on production and development in principally the Niger Delta in West Africa where, through its joint venture company Elcrest Exploration and Production Nigeria Ltd, it has acquired a number of oil field licenses. Since acquiring its Opuama oil field, Eland has successfully redeveloped this asset with first production oil commencing in February 2014 from the recommissioning of two existing wells. The company subsequently brought two further wells onstream, resulting in an all-time production high in 2018. Eland's increasing production has led to growing revenues of US $169.2 million for the year to 31 December 2018 and a resultant US $148.0 million post-tax profit in that period.

Midatech is an AIM listed company focused on improved bio-delivery and bio-distribution of medicines or agents to areas of the body where they are most needed and can exert their actions in an effective, safe and precise manner in order to extend the lives of patients with rare and serious cancers.

Source Bioscience is a private company that is an international provider of state-of-the art laboratory services and products and has an expertise in clinical diagnostics, genomics, proteomics, drug discovery & development research and analytical testing services.

Post year-end investment transactions. Subsequent to the Company's 31 March 2019 year end, Adams realised its investment in Midatech in full, generating investment disposal proceeds amounting to £580,000. Adams also made a new investment of £233,000 in a UK-based AIM listed specialty pharmaceutical company dedicated to developing high-quality hormone therapeutics to aid lifelong treatment for rare and chronic endocrine conditions, as well as a new investment of £195,000 in an AIM listed mining company with principal interests in China. Together with other cash flows, Adams currently has cash balances of approximately £479,000, in addition to an unused loan facility of £3.0 million, available for further investment as and when the Directors identify appropriate attractive opportunities to exploit.

Outlook

Expansion of the world economy is continuing to lose momentum and growth forecasts have been revised downwards in almost all G20 economies, with particularly large revisions in the euro area for both 2019 and 2020. Ongoing trade tensions between the US and China, Brexit uncertainties and a further erosion of business and consumer confidence are all contributing to the slowdown. Consequently, your Board will continue to maintain a rigorous and highly selective investment approach, coupled with a focus on financial discipline, as the best strategy to navigate these challenging markets and the uncertain global climate.

We remain confident in the underlying fundamentals, technologies and long-term potential for growth at the companies within our investment portfolio and are committed to delivering additional value for shareholders going forward.

Michael Bretherton
Chairman
2 July 2019

Strategic Report

for the year ended 31 March 2019

The Directors present their Strategic Report with the Financial Statements for Adams Plc ('Adams' or 'the Company') for the year ended 31 March 2019.

Principal activity and business model

Adams is an investing holding and management company whose principal activity is the investment in businesses which present opportunities for value creation.

The current investment policy of the Company seeks to invest in special situation investment opportunities that have an element of distress, dislocation, dysfunction or other special situation attributes to them and which the Board perceive to be undervalued. The principal focus is expected to be in the small to medium market capitalisation sectors in mainly the UK or Europe, but the Directors will also consider opportunities elsewhere if they believe there is an opportunity to generate added value for shareholders.

A copy of the Company's investment policy can be found in full on the corporate website at www.adamsplc.co.uk and also in the Directors' Report on page 8.

Review of the business

A review of the Company's performance and future prospects is included in the Chairman's Statement on pages 2 and 3.

Key performance indicators

Key Company performance indicators are set out below:

	31 March 2019	31 March 2018
Net assets (£'000)	2,366	2,109
Net asset value per share (£)	0.0287	0.0255
Profit after tax (£'000)	257	180
Cash and short-term deposits with banks (£'000)	315	52

Profit and loss

The Company reported a profit after tax for the year ended 31 March 2019 of £257,000 compared to a profit of £180,000 in the previous year. The increase in profitability during the current financial year is principally due to an increase in unrealised revaluation gains on the valuation of investments.

The Company continued to operate a low cost base with administrative costs of £172,000 incurred versus £155,000 for the previous year.

Balance sheet

Net assets increased to £2.37 million at the 31 March 2019 balance sheet date, compared with £2.11 million at the 31 March 2018 prior financial year end.

The carrying value of investments at 31 March 2019 was £2.08 million (represented by four investment holdings) in line with the £2.08 million at 31 March 2018 (represented by six investment holdings).

Cash and cash equivalent balances were £315,000 at 31 March 2019 compared to cash balances of £52,000 at 31 March 2018.

Cash flow

The Company's cash balances increased by £263,000 during the year. This increase mainly reflects the investment disposal proceeds of £529,000 and dividend and other income receipts of £101,000, less cash outflows of £211,000 spent on the purchase of additional investments and £156,000 of net overheads costs and working capital movements.

Directors

The Company has three employees, all of whom are male and Directors of the Company. The profile of the Directors and their remuneration is detailed in the Directors' Report on pages 6 and 7.

General Data Protection Regulation
As widely reported, the European Union's General Data Protection Regulation ("GDPR") came into effect on 25 May 2018. Adams has assessed its responsibilities in respect of the regulation and as a result has adopted and published a GDPR compliant privacy policy, a copy of which is available on the Company website.

Risk review
The Company's exposure to various risks and risk management objectives are detailed in Note 3.

The primary risks arising from the Company's operations are considered to be market risk, credit risk and liquidity risk. The Directors review and agree policies for managing risk at least annually.

Market risk
Price risk
The Company is exposed to market price risk in respect of its portfolio investments. The Company mitigates this risk by having established investment appraisal processes and asset monitoring procedures which are subject to overall review by the Board.

Interest rate risk
The Company currently has no external financing facility borrowings; therefore its interest rate risk is limited to the level of interest received on its cash surpluses. Interest rate risk on cash, cash equivalents and short-term deposits is partially mitigated by using an element of fixed-rate accounts and short-term deposits.

Credit risk
The Company's principal financial assets are its portfolio investments, its bank balances and cash held on deposit with institutions. The Company seeks to reduce credit risk by only placing assets with institutions of good standing and that have good credit ratings. The credit risk associated with portfolio and trading investments is considered to be acceptable.

Liquidity risk
The Company seeks to manage liquidity by ensuring sufficient funds are available to meet foreseeable needs and to invest cash assets safely and profitably. The Company had cash, cash equivalents and short-term deposit balances of £0.32 million as at 31 March 2019 (31 March 2018: £0.05 million).

In order to minimise risk to the Company's capital, funds are invested across a number of financial institutions, preferably with strong credit ratings. Cash forecasts are updated regularly to ensure that there is sufficient cash available for foreseeable requirements. The Directors are satisfied that given current cash balances, the liquidity of the investments held and the low running cost base of the Company the going concern assumption remains valid.

External risks
The global political and economic landscapes continue to be considered the key external risks faced, with the ability of both to adversely impact the performance of the Company. The key factors comprise a potential shift towards a decrease in global liberalised trade, uncertainty with respect to the continuing terms of existing economic trade areas and the transition to an environment of increasing interest rates and decreasing government stimulus programs. Despite this, economic data has shown signs of positive global growth which is forecast to continue. Such factors continue to impact the markets in which the Company operates, in terms of investment valuations and investor sentiment and pose risks to the operations, performance and growth of the investment portfolio companies.

Future development
The Board continues to seek investment opportunities which will generate value for shareholders in the medium to long term. In this aim the Board will maintain its rigorous and selective investment approach and seek to achieve capital growth through exploiting opportunities as they emerge.

Approved on behalf of the Board

Nicholas Woolard
Non-executive Director
2 July 2019

Directors' Report

for the year ended 31 March 2019

The Directors present the report and financial statements of Adams Plc for the year ended 31 March 2019.

Principal activities

Adams Plc is an AIM listed investment company and was incorporated in the Isle of Man as a public company limited by shares under the Laws of the Isle of Man with registered number 004145V.

Results and dividends

The results for the year are set out on page 14. There were no dividends proposed or paid in the current or prior financial years.

Share capital and funding

Full details of the Company's share capital and movements thereof are given in Note 15 of the financial statements.

Secretary

The Secretary of the Company holding office for the year ended 31 March 2019 was Philip Scales.

Directors

The following Directors have held office since 1 April 2018:

M A Bretherton
N Woolard
A R J Mitchell

Profile of the Directors

Michael Bretherton BA, ACA (Chairman)

Michael was appointed as a non-executive Director in May 2015 and subsequently took on the role of Chairman in September 2015. Michael is Chief Executive Officer of the investment company Sarossa Plc and a director of ORA Limited, which provides investment capital for early stage technology companies. He is also a director of the private investment company Blake Holdings Limited. In addition, Michael has been a director of six other AIM quoted companies during the last ten years, including Deepmatter Group Plc, Nanoco Group Plc, Ceres Power Holdings Plc, Tissue Regenix Group Plc and Oxford Pharmascience Group Plc. He has a degree in Economics from Leeds University and is a member of the Institute of Chartered Accountants in England and Wales. His early career included working as an accountant and manager with PriceWaterhouse in London and the Middle East, followed by finance roles at the Plessey Company Plc, Bridgend Group Plc, Mapeley Limited and Lionhead Studios Limited.

Nicholas Woolard ACIB, MCSI (Non-executive Director)

Nicholas Woolard is a finance industry professional with broad offshore experience focused latterly on compliance, having been a Group Compliance Officer for four years in CSP/TSP, fund administration, fund management and stockbroking businesses before being appointed to various non-executive positions. Currently Mr Woolard is the practice and compliance manager of one of the largest Isle of Man law firms.

Andrew Mitchell BM, MD, FRCP, FACC, FESC (Non-executive Director)

Dr Andrew Mitchell is Consultant Cardiologist at Jersey General Hospital and Honorary Consultant at Oxford University Hospitals. Dr Mitchell has published over 160 clinical papers, book chapters and abstracts on areas of clinical cardiology focusing on novel digital health and life science technologies. In addition to his clinical and research work, Dr Mitchell is the founding director of an innovative heart screening company and he also acts as an advisor to digital health start-up companies.

Directors' remuneration
Details of the Directors' fees are shown below.

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
M A Bretherton	15	15
N J Woolard	18	18
A R J Mitchell	15	15
	48	48

Directors' interests
As at 31 March 2019, Mr Bretherton, Mr Woolard and Mr Mitchell did not hold any interest in the Company's shares (2018: nil).

Creditor payment policy
The Company's policy is to pay creditors within the agreed terms which are generally no more than 30 days.

Financial instruments
The Company has not entered into any financial instruments to hedge against interest rate or exchange rate risk.

Auditors
Our auditors, Jeffreys Henry LLP, being eligible, have expressed their willingness to continue in office in accordance with Section 12(2) of the Isle of Man Companies Act 1982.

Going concern
At 31 March 2019, the Company had £0.32 million (2018: £0.05 million) of cash, cash equivalents and short-term deposits available to it. The Directors have considered their obligation in relation to the assessment of the going concern of the Company and have reviewed the current budget cash forecasts and assumptions as well as the main risk factors facing the Company.

After due enquiry, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Indemnity of officers
The Company has Directors' and Officers' Insurance to cover against legal action brought against its Directors and officers.

Substantial Shareholdings
By virtue of his shareholding, Richard Griffiths exercises control over the Company. The Directors are aware of the following persons, who had an interest in 3 per cent or more of the issued ordinary share capital of the Company as at 30 June 2019:

Richard Griffiths	77.3 per cent
Lombard Odier Asset Management	9.9 per cent
David Richardson	9.7 per cent

Directors' Report (continued)

for the year ended 31 March 2019

Annual General Meeting

There is, enclosed within this document, a Notice convening an Annual General Meeting "AGM" of the Company, to be held at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP on 9 August 2019 at 11 a.m. A form of proxy for use at that meeting also accompanies this document. The business of the AGM is set out in the Notice, and includes the usual business of the Company and also additional special business covering the following areas:

- The authority for the Directors to allot Ordinary Shares.
- The disapplication of pre-emption rights.
- The authority for the Directors to purchase for the Company its own Ordinary Shares in the open market, subject to certain conditions and limited to a maximum of 14.99 per cent of the issued share capital of the Company. Resolution 6 deals with this proposal.

Investing Policy

The current Investing Policy is:

The Board will seek to acquire a direct and/or indirect interests in special situation investment opportunities that have an element of distress, dislocation, dysfunction or other special situation attributes and that they perceive to be undervalued. The principal focus will be in the small to middle-market capitalisation sectors in the UK or Europe but the Directors will also consider possible special situation opportunities anywhere in the world if they believe there is an opportunity to generate added value for Shareholders.

The Directors intend to identify investment opportunities offering the potential to deliver a favourable return to Shareholders over the medium to long term, primarily in the form of a capital gain. A particular consideration will be to identify businesses which, in the opinion of the Directors, are undervalued due to any of a number of special situations that adversely impact the business's short-term prospects and/or underlying value but which business interests the Directors believe have a solid fundamental core or sound development potential to present opportunities for value creation.

The Company's interest in a potential investment may range from a minority position to 100 per cent. ownership and the interest may be either quoted or unquoted. Investments may be made in shares, or by the acquisition of assets (including intellectual property) of a relevant business, or by entering into partnerships, joint ventures, equity derivatives, contracts for differences or other equity or debt related securities that the Board deem appropriate.

There will be no limit on the number of projects into which the Company may invest, and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be a reverse takeover pursuant to Rule 14 of the AIM Rules.

While the Directors intend to take into account the level of existing funds available for investment when assessing the amount of any investment, it is not proposed that there be any maximum investment limit.

The Company may be both an active and a passive investor depending on the nature of the individual investments. Although the Company intends to be a medium to long-term investor, there will be no minimum or maximum limit on the length of time that any investment may be held and short-term investments may be made.

The Company will not have a separate investment manager.

The Company may require additional funding as investments are made and new opportunities arise. The Directors may offer new Ordinary Shares by way of consideration, as well as cash, thereby helping to preserve the Company's cash resources. The Company may, in appropriate circumstances, issue debt securities or otherwise borrow money to complete an investment.

Given the nature of the Company's Investing Policy, the Company does not intend to make regular periodic disclosures or calculations of net asset value other than at the time of publication of its half year and annual results.

The Board's principal focus will be on achieving capital growth for Shareholders.

Corporate governance

As required by AIM Rule 26, the Company was required to adopt an officially recognised corporate governance code by 28 September 2018. As a consequence, Adams formally adopted the Quoted Companies Alliance (QCA) Code in September 2018. Prior to the formal adoption of the QCA code in September 2018, the Company adhered to good corporate governance practice appropriate for the size and nature of the Company. The Company continues to focus on the principles of effective corporate governance.

The Company's corporate governance statement in relation to the QCA Code can be viewed on the Company's investor webpage at http://www.adamsplc.co.uk/content/investors/corporate-governance.asp.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

The Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. The financial statements are required to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

Statement of disclosure to auditors

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board:

A Mitchell
Non-executive Director
2 July 2019

Independent Auditors' Report

to the members of Adams Plc

Opinion

We have audited the financial statements of Adams Plc for the year ended 31 March 2019 which comprise the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of the profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and,
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006;

Basis for opinion

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

Conclusions relating to going concern

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

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

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Carrying value of investments	
A significant balance on the statement of financial position is investments of £2,075,000 (2018: £2,076,000) at 31 March 2019 as detailed in Note 11. During the year there were net additions of £200,000 (2018: £1,581,000) and disposals of £386,000 (2018: £687,000) and unrealised gains on the revaluation of investments of £174,000 (2018: £237,000). There is a risk that the fair value of investments has not been appropriately estimated. We therefore identified the valuation of investments held for trading as a significant risk, which was one of the most significant assessed risks of material misstatement.	Challenged the methodologies used by management in conducting the investments valuation and challenging management to consider other valuation models in line with industry practice. We utilised the International Private Equity and Venture Capital Valuation (IPEV) guidelines to determine the reasonableness of methods used by management. Valuations derived using the IPEV guidelines are compliant with IFRS; Tested the mathematical accuracy of the valuation calculations as well as the calculations for acquisitions and disposals; Considering the assumptions used in valuations and the methodologies used to gain comfort over the ultimate fair value recognised by management. We did this by comparing the valuations not only to the 3rd party investment schedule but also for quoted investments to market prices. For material unquoted investments we considered other evidence available to obtain comfort over the valuations; Evaluated the sufficiency of the disclosures for critical accounting estimates and judgements related to the valuation of the investments.
Going concern assumption	
The Company is dependent upon its ability to generate sufficient cash flows to meet continued operational costs and hence continue trading. This income is derived from dividend and interest income and gains/ disposals of investments. The going concern assumptions is dependent on future growth of the current business. No future capital raises were being considered to maintain the business.	Evaluated the suitability of management's model for the forecast. The forecast includes assumptions related to future cash flows and associated risks. Our audit work has focused on evaluating and challenging the reasonableness of these assumptions and their impact on the forecast period.
Elimination of Foreign Currency Translation Reserve and Share Premium Reserve	
During the year, following the redenomination of the Company's share capital into pounds sterling, the Company eliminated the foreign currency translation reserve through application of an amount from the share premium reserve. Following this, the remaining share premium reserve was reclassified as distributable reserves.	Reviewed the workings of the movement in the reserves and agreed the movements in the reserve to the approved treatment and resolutions approved by the Company's members and advice given to the Company by its solicitors.

Independent Auditors' Report (continued)

to the members of Adams Plc

Our application of materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined a materiality of £47,000 (2018: £24,000) for the financial statements as a whole. A benchmark of 2 per cent of Net Assets of the Company was used to calculate the materiality for the Company. We believe that Net Assets is the primary measure used by the shareholders in assessing the performance of the Company, and is a generally accepted auditing benchmark.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £2,500 (2018: £1,200) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which they operate.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of this report

This report is made solely to the Company's members, as a body. 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.

Other matters which we are required to address

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

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

Sachin Ramaiya (Senior Statutory Auditor)
for and on behalf of Jeffreys Henry LLP (Statutory Auditor)
Finsgate
5-7 Cranwood Street
London EC1V 9EE

2 July 2019

Statement of Comprehensive Income

for the year ended 31 March 2019

	Notes	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Dividend income		87	45
Gain on investments		317	280
Investment return	5	404	325
Expenses and other income			
Administrative expenses	8	(172)	(155)
Other income		14	–
Operating profit		246	170
Interest income		11	10
Profit before income tax		257	180
Income tax expense	9	–	–
Profit and total comprehensive profit for the year		257	180
Basic and diluted earnings per share	10	0.31p	0.25p

There are no other items of comprehensive income.

The accounting policies and explanatory notes on pages 18 to 30 form an integral part of the financial statements

Statement of Financial Position

as at 31 March 2019

	Notes	31 March 2019 £'000	31 March 2018 £'000
Assets			
Non-current assets			
Investments	11	2,075	2,076
Current assets			
Prepayments	12	2	2
Cash and cash equivalents		315	52
Current assets		317	54
Total assets		2,392	2,130
Liabilities			
Current liabilities			
Trade and other payables	13	(26)	(21)
Total liabilities		(26)	(21)
Net current assets		291	33
Net assets		2,366	2,109
Equity			
Called up share capital	15	826	1,001
Share premium	15	–	1,401
Foreign currency translation reserve	15	–	(244)
Retained earnings/(deficit) reserve		1,540	(49)
Total shareholder equity		2,366	2,109

The financial statements were approved and authorised for issue by the Board on 2 July 2019 and signed on its behalf by:

Michael Bretherton
Chairman

Company number – 004145V (Isle of Man)

The accounting policies and explanatory notes on pages 18 to 30 form an integral part of the financial statements

Statement of Changes in Equity

for the year ended 31 March 2019

	Notes	Share Capital £'000	Share Premium £'000	Foreign currency translation reserve £'000	Retained earnings/ (deficit) reserve £'000	Total £'000
At 1 April 2017		636	783	(244)	(229)	946
Changes in equity						
Issue of shares	15	365	618	–	–	983
Total comprehensive gain		–	–	–	180	180
At 31 March 2018		1,001	1,401	(244)	(49)	2,109
Changes in equity						
Redenomination of share capital	15	(175)	175	–	–	–
Elimination of foreign currency reserve	15	–	(244)	244	–	–
Reclassification of share premium	15	–	(1,332)	–	1,332	–
Total comprehensive gain		–	–	–	257	257
At 31 March 2019		826	–	–	1,540	2,366

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

Share premium represents the excess of the amount subscribed for share capital over the nominal value of the shares, net of share issue expenses.

The Foreign currency translation reserve was eliminated upon the approval of resolutions approved in step with the redenomination of the Company's share capital into pounds sterling.

Retained earnings represent the cumulative gains of the Company attributable to equity shareholders.

The accounting policies and explanatory notes on pages 18 to 30 form an integral part of the financial statements

Statement of Cash Flows

for the year ended 31 March 2019

	Notes	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Profit for the year		257	180
Unrealised gain on revaluation of portfolio investments	5	(174)	(237)
Realised gain on disposal of portfolio investments	5	(143)	(43)
Increase/(decrease) in trade and other payables		5	(5)
Net cash outflow from operating activities		(55)	(105)
Cash flows from investing activities			
Purchase of portfolio investments	11	(211)	(1,591)
Proceeds from sales of investments		529	730
Net cash generated/(used) in investing activities		318	(861)
Cash flows from financing activities			
Issue of ordinary share capital	15	–	983
Net cash generated from financing activities		–	983
Net increase in cash and cash equivalents		263	17
Cash and cash equivalents at beginning of year		52	35
Cash and cash equivalents at end of year		315	52

The accounting policies and explanatory notes on pages 18 to 30 form an integral part of the financial statements

Notes to the Financial Statements

for the year ended 31 March 2019

1 General information

Adams Plc is a Company incorporated and domiciled in the Isle of Man. The address of the registered office is disclosed on the Directors, Officers and Advisers page at the front of this annual report. The principal activities of the Company are described in the Directors' Report and Strategic Report.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). IFRS comprises of standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU). The financial statements have been prepared on a going concern basis.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year. New standards and amendments to IFRS effective as for the financial reporting period have been reviewed by the Company and there has been no material impact on the financial statements as a result of these standards and amendments. The Company has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

New accounting standards, interpretations and amendment adopted

The following were new standards and amendments to existing standards which are relevant to the Company and are effective for annual periods commencing on or after 1 January 2018:

- Annual improvements 2014 – 2016 (amendments), "Removing short-term exemptions" and "Clarifying certain fair value measurements".
- IFRS 9 – Financial Instruments. The standard specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts.

Adoption of these new and amended standards has had no material impact on the financial statements of the Company, except for IFRS 9 which is further explained below.

IFRS 9 – Financial instruments

The standard improves and simplifies the approach for classification and measurement of financial assets formerly codified in IAS 39 'Financial Statements: Recognition and Measurement' ("IAS 39").

Upon adopting IFRS 9, the Company has applied transitional relief and opted not to restate prior periods. No differences arose from the adoption of IFRS 9 in relation to classification, measurement or impairment.

The adoption of IFRS 9 has impacted the following areas:

- Investments in listed and unlisted equity securities previously classified as available-for-sale (AFS) investments under IAS 39 are now measured at fair value through profit or loss as the cash flows are not solely payments of principal and interest (SPPI). The Company did not elect to irrevocably designate any of the equity investments at fair value with changes presented in other comprehensive income.
- The impairment of financial assets applying the expected credit loss model. As at 31 March 2019 and 31 March 2018, the Company had no trade receivables or investments in debt-type assets measured at amortised cost. The Company shall apply a simplified model of recognising lifetime expected credit losses in relation to any future trade receivables not having a significant financing component. Please refer to the accounting policy on Financial Instruments – *Impairment of Financial Assets*.

2 General information – continued

On the date of initial application, 1 April 2018, the financial instruments of the Company were reclassified as follows:

	Measurement category		Carrying amount		
	Original IAS 39 category	New IFRS 9 category	Closing balance 31 March 2018 £'000	Adoption of IFRS 9 £'000	Opening balance 1 April 2018 £'000
Non-current financial assets					
Investment portfolio	Available for sale	FVTPL	2,076	–	2,076
Current financial assets					
Cash and cash equivalents	Loans and receivables	Amortised cost	52	–	52

The adoption of the standards had no significant impact on the carrying values of the financial assets.

Furthermore, there have been no changes to the classification or measurement of financial liabilities as a result of the application of IFRS 9.

Accounting standards or interpretations, not yet early adopted

A number of new standards, amendments to existing standards and interpretations which have been issued or amended by IASB, are not yet effective and have not been applied in preparing these financial statements. The following relevant standards will in the future apply to the Company:

- IFRS 9 Financial Instruments, (amendments) "Prepayment features with negative compensation and modifications of financial liabilities"

In addition, the IASB completed its latest Annual Improvements to IFRS 2015 – 2017 project in December 2017. This project has amended a number of existing standards and interpretations effective for accounting periods commencing on or after 1 January 2019.

The Directors are considering the above standards, however, at this time they are not expected to have a significant impact on the Company.

2.3 Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost.
- fair value through profit or loss (FVTPL).
- fair value through other comprehensive income (FVOCI).

The classification is determined by both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

Notes to the Financial Statements (continued)

for the year ended 31 March 2019

2 General information – continued

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions:

- held under a business model objective to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The Company's Investment Portfolio assets fall into this category and are further described below:

Investment portfolio assets

Investment assets that are held by the Company with a long-term view to the ultimate realisation of capital gains are classified as investment portfolio assets and are stated at the Directors' estimate of their fair value determined in accordance with International Private Equity and Venture Capital Valuation Guidelines ("IPEVCVG") on the basis set out below. Investment portfolio assets are designated at fair value through profit or loss on initial recognition which is considered most appropriate as investment portfolio assets are assessed and evaluated on a fair value basis. Any gains or losses arising from subsequent changes in fair value are presented in the Statement of Comprehensive Income as they arise.

(i) Quoted investments for which an active market exists are valued at closing bid-market price at the reporting date.

(ii) Unquoted investments are measured at fair value by the Directors as follows:

- Investments in companies that are still in a development phase continue to be valued based on cost unless there have been more recent benchmark subscriptions and investments which give a guide to fair value ("Price of Recent Investment") or where there are factors that indicate a change in fair value has occurred.
- Once the business becomes established, investments are valued based on an estimate of the fair value for the investee company derived using methodologies which include applying an average sector earnings multiple to operating profits, valuation by reference to net asset base and discounted cash flows.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- held under a business model objective to "hold to collect" the associated cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

In the periods presented the Company does not have any financial assets categorised as FVOCI.

2 General information – continued

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'.

Instruments within the scope of the new requirements include loan commitments and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss, are included within finance costs or finance income.

The Company's financial liabilities include trade and other payables.

Notes to the Financial Statements (continued)

for the year ended 31 March 2019

2 General information – continued

2.4 Income

Income is measured at the fair value of the consideration received or receivable in the normal course of business, net of discounts, VAT and other sales related taxes. The Company recognises income when the amount of income can be reliably measured and when it is probable that the future economic benefits will flow into the Company.

(i) Investment return

Investment return represents the sum of realised gains and losses on the disposal of investment portfolio assets and the unrealised gains and losses on the revaluation of these, together with and any related investment income received and receivable.

Realised gains and losses on the disposal of investments is the difference between the fair value of the consideration received less any directly attributable costs on the sale and the fair value of the investments at the start of the accounting period or acquisition date if later.

Unrealised gains and losses on the revaluation of investments is the movement in carrying value of investments between the start of the accounting period or acquisition date if later and the end of the accounting period.

Dividends from investments are recognised when the shareholders' rights to receive payment have been established.

(ii) Interest income

Interest income is recognised as interest accrues using the effective interest rate method.

(iii) Other income

All other income is recognised as other income in the period to which it relates.

2.5 Investments

Investment assets that are held by the Company are classified as investment portfolio assets and are stated at the Directors' estimate of their fair value determined in accordance with International Private Equity and Venture Capital Valuation Guidelines ("IPEVCVG") on the basis set out below. Investment assets are designated at fair value through profit or loss on initial recognition and any gains or losses arising from subsequent changes in fair value are presented in the statement of comprehensive income as they arise. A fair value method of valuation for portfolio investments is considered the most appropriate for assessing their performance.

(i) Quoted investments for which an active market exists are valued at closing bid-market price at the reporting date.

(ii) Unquoted investments are measured at fair value by the Directors as follows:

- Investments in companies that are still in a development phase continue to be valued based on cost unless there have been more recent benchmark subscriptions and investments which give a guide to fair value ("Price of Recent Investment") or where there are factors that indicate a change in fair value has occurred.
- Once the business becomes established, investments are valued based on an estimate of the fair value for the investee company derived using methodologies which include applying an average sector earnings multiple to operating profits, valuation by reference to net asset base and discounted cash flows.

None of the Company's investments have met the criteria for consolidation on the basis of either a subsidiary, associate or joint venture and therefore have not been consolidated. The Board has concluded that the Company continues to meet the definition of an investment entity and to account for its investments as such.

2 General information – continued

2.6 Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current income tax is calculated on the basis of the tax rates and laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns in regard to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements in accordance with IAS 12 – 'Income Taxes'. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable nor the accounting profit or loss. Deferred tax assets and liabilities are calculated using tax rates and laws that have been substantively enacted at the reporting date.

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

2.7 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.9 Segmental reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Operating segments for Adams Plc are reported based on the financial information provided to the Board, which is used to make strategic decisions. The Directors are of the opinion that under IFRS 8 – 'Operating segments' the Company has only one reportable segment, being Investment Return (see Note 5). The Board assesses the performance of the operating segment based on financial information which is measured and presented in a manner consistent with that in the financial statements.

2.10 Foreign currency

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. Transactions denominated in foreign currencies are translated into the presentational currency of the Company at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at rates ruling at the statement of financial position date. Exchange differences arising are taken to operating results within the income statement.

The functional and presentational currency of the Company is GBP (£).

Notes to the Financial Statements (continued)

for the year ended 31 March 2019

3 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The management of these risks is vested in the Board of Directors. The policies for managing each of these risks are summarised below:

3.1 Management of market risk

(i) Price risk

The Company is exposed to market price risk in respect of its portfolio investments. The Company mitigates this risk by having established investment appraisal processes and asset monitoring procedures which are subject to overall review by the Board.

The Company has in place procedures and levels of authority designed to control the level of commitments, either in single investments or in aggregate.

Details of the Company's investment portfolio are given in Note 11 to the financial statements.

Price risk sensitivity

The table below summarises the impact on the Company's profit before taxation for the year and on equity of a 10 per cent. increase/decrease in the underlying share price of the investment portfolio. The price sensitivity of 10 per cent. represents Management's estimate of the premium/discount that may be achieved on sale of investment portfolio assets relative to the closing bid market price.

Impact of 10 per cent price change	**Year ended 31 March 2019 £'000**	**Year ended 31 March 2018 £'000**
Portfolio investments	208	208

(ii) Interest rate risk

As the Company currently has no borrowings, the risk is limited to the impact of interest received on cash surpluses held. Interest rate risk is managed in accordance with the liquidity requirements of the Company, with a minimum appropriate level of its cash surpluses held within an instant access account, which has a variable interest rate attributable to it, to ensure that sufficient funds are available to cover the Company's liquidity needs.

Interest rate sensitivity

The principal impact to the Company is the result of interest-bearing cash and short-term deposit (cash equivalent) balances held. At 31 March 2019, the impact of a 5 per cent. increase or decrease in interest rates would have increased/decreased the profit for the year and equity by a minimal amount as a result of higher/lower interest received on floating rate cash deposits and as such no sensitivity analysis is provided.

3 Financial risk management – continued

(iii) Currency risk profile

In prior periods the Company was exposed to foreign exchange rate risk as a result of the use of Euros as the reporting currency for the financial statements, however this is no longer the case. The Company manages its foreign exchange risk at Board level and monitors it on an ongoing basis.

Foreign exchange risk sensitivity

Management do not consider the impact of possible exchange rate movements based on current market conditions to be material to the net result for the year.

Management of credit risk

The Company's principal financial assets are portfolio investments and bank balances. The credit risk associated with other receivables is considered to be minimal as the balances are due from counterparties with no history of default.

The Company seeks to limit the level of credit risk on the cash balances by aiming to only deposit surplus liquid funds with counterparty banks with high credit ratings. The credit risk associated with portfolio investments is considered minimal.

	As at 31 March 2019 £'000	As at 31 March 2018 £'000
Cash, cash equivalents and short-term deposits		
A	58	51
No rating provided*	257	1
	315	52

* These monies are held with a reputable international brokerage despite no credit rating being available.

The maximum exposure to credit risk on the Company's financial assets is represented by their carrying amount, as outlined in the categorisation of financial instruments table below.

	Loans and receivables £'000	Financial liabilities at amortised cost £'000	Financial assets at fair value through profit and loss £'000	Total £'000
At 31 March 2019				
Investments	–	–	2,075	2,075
Cash and cash equivalents	315	–	–	315
Trade and other payables	–	(26)	–	(26)
Net total	315	(26)	2,075	2,364
At 31 March 2018				
Investments	–	–	2,076	2,076
Cash and cash equivalents	52	–	–	52
Trade and other payables	–	(21)	–	(21)
Net total	52	(21)	2,076	2,107

The Company does not consider that any changes in fair value of financial assets in the year are attributable to credit risk.

No aged analysis of financial assets is presented as no financial assets are past due at the reporting date.

Notes to the Financial Statements (continued)

for the year ended 31 March 2019

3 Financial risk management – continued

Management of liquidity risk

The Company seeks to manage liquidity risk to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Company deems there is sufficient liquidity for the foreseeable future.

No maturity analysis for financial liabilities is presented, as the Directors consider that liquidity risk is not material.

The Company's short-term deposit balances at 31 March 2019 and 31 March 2018 are detailed above in note 3 to the financial statements.

At 31 March 2019 and 31 March 2018, with the exception of investment portfolio assets, all financial assets and liabilities mature for payment within one year.

3.2 Capital management

The Company's policy is to maintain a strong capital base. The Company manages all elements of shareholders' equity as financial capital, and seeks to increase this figure as a stated business objective over the medium to long term. The Company is entirely equity financed with no external capital requirements imposed upon it. In order to preserve capital the Company maintains a balanced investment portfolio and appropriate levels of cash and cash equivalents in order to maintain liquidity and take advantage of market opportunities as they arise. The Company's net asset value is monitored on an ongoing basis.

4 Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The estimate and assumption that has the most significant effect on the carrying amounts of assets and liabilities in the financial statements is the valuation of quoted investments. These are valued at closing bid market price and in accordance with IFRS, no discount is applied for liquidity of the stock or any dealing restrictions. However, it may not always be possible to trade at the quoted bid market price. Quoted portfolio investments are carried in the financial statements as at 31 March 2019 at a valuation of £1.96 million (2018: £1.97 million). For further detail see Note 11.

5 Investment return

The principal sources of revenue for the Company in the two years ended 31 March 2019 were:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Unrealised gains on the revaluation of portfolio investments	174	237
Realised gains on the disposal of portfolio investments	143	43
Gain on investments	317	280
Dividend income	87	45
Investment return	404	325

6 Directors' remuneration and fees

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Remuneration for qualifying services	48	48
Social security costs	2	2
	50	50

7 Employees

Number of employees

The average monthly number of employees (including Directors) during the year was:

	Year ended 31 March 2019 Number	Year ended 31 March 2018 Number
Directors	3	3
	3	3

Employment costs

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Remuneration for qualifying services	48	48
Social security cost	2	2
	50	50

8 Analysis of administrative expenses by nature

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Operating loss is stated after charging:		
Directors' emoluments	50	50
Audit fees payable in relation to audit services	12	9
Broker and professional and listed company fees	106	93
Other administrative expenses	4	3
	172	155

9 Taxation

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Total current tax	–	–

The Company is subject to income tax at the rate of 0% in the Isle of Man and, accordingly, no tax has been provided for in these financial statements.

The Company may be subject to withholding taxes in relation to income from investments, or investment realisation proceeds or gains, and such amounts will be accounted for as incurred.

Notes to the Financial Statements (continued)

for the year ended 31 March 2019

10 Earnings per share

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Profit after tax attributable to equity holders of the Company	257	180
Weighted average number of ordinary shares	82,553,232	72,481,267
Basic and diluted profit per share	0.31p	0.25p

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of Ordinary Shares in issue during the year. Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares in issue during the year to assume conversion of all dilutive potential Ordinary Shares. There are currently no potentially issuable shares in existence.

11 Investments

An analysis of movements in the value of the Company's portfolio investments is as follows:

	Quoted Equity Shares £'000	Unquoted Equity Shares £'000	Unquoted Loan Notes £'000	Total £'000
Fair value at 31 March 2017	837	5	93	935
Additions at cost	1,581	–	10	1,591
Disposals	(687)	–	–	(687)
Unrealised gain on the revaluation of investments	237	–	–	237
Fair value at 31 March 2018	1,968	5	103	2,076
Additions at cost	200	–	11	211
Disposals	(386)	–	–	(386)
Unrealised gain on the revaluation of investments	174	–	–	174
Fair value at 31 March 2019	1,956	5	114	2,075

Quoted investments are valued at closing bid market price at the reporting date and are all classed as Level 1 investments. Unquoted equity shares and unquoted loan notes are considered to be Level 2 investments.

12 Prepayments

	31 March 2019 £'000	31 March 2018 £'000
Prepayments	2	2
	2	2

The carrying amount of prepayments is considered to be approximate to their fair value.

Notes to the Financial Statements

for the year ended 31 March 2019

13 Trade and other payables

	31 March 2019 £'000	31 March 2018 £'000
Trade payables	11	8
Accruals	15	13
	26	21

Accruals principally comprise amounts outstanding for ongoing expenses. The carrying amount of trade and other payables approximates to its fair value.

14 Borrowings

On 29 January 2019, the Company entered into a facility loan agreement with Blake Holdings Limited for the total amount up to £3,000,000 with an interest rate of 7 per cent accruing daily. Interest is payable every six months starting on the day the loan is advanced to the Company. Any interest note repaid shall itself bear interest as if capitalised but shall not at any stage be capitalised to become part of the Loan. No amount of the facility had been utilised as at 31 March 2019.

15 Share capital and share premium

	Number of shares issued and fully paid	Share capital £'000	Share premium £'000
Ordinary Shares of £0.01			
At 31 March 2017	41,276,616	636	783
Issue of shares	41,276,616	365	618
At 31 March 2018	82,553,232	1,001	1,401
Redenomination of share capital	–	(175)	175
Elimination of foreign currency reserve	–	–	(244)
Reclassification of share premium	–	–	(1,332)
At 31 March 2019	82,553,232	826	–

In June 2017, the Company issued 41,276,616 new ordinary shares of €0.01 by way of an underwritten open offer at an issue price of 2.5p (2.84 € cents) per share.

Holders of the Ordinary Shares are entitled to receive dividends and other distributions and to attend and vote at any general meeting.

On 10 August 2018, the Company approved at its AGM the following resolutions;

- The par value of each Ordinary Share, issued and to be issued, in the capital of the Company be redenominated from €0.01 to £0.01.
- That £244,000 of the paid up share capital of the Company (representing premium paid of the existing issued Ordinary Shares in the capital of the Company) be cancelled and applied to eliminate the Foreign Currency Translation Reserve of the Company.
- That £1,332,000 of the paid up share capital of the Company (representing the remaining premium paid up on the existing issued Ordinary Shares in the capital of the Company) be cancelled and reclassified as a distributable reserve of the Company.

The authorised Ordinary Share capital of the Company at 31 March 2019 is 350,000,000 Ordinary Shares of £0.01 each (31 March 2018: 350,000,000 Ordinary Shares of €0.01 each).

Notes to the Financial Statements

for the year ended 31 March 2019

16 Related party relationships and transactions

On 29 January 2019, the Company entered into a £3,000,000 facility loan agreement with Blake Holdings Limited, a company of which Michael Bretherton is a director and which is controlled by Richard Griffiths, who is also the controlling shareholder of Adams (see Notes 14 and 19). As at 31 March 2019 the amount borrowed was £Nil.

The Company had no other transactions with related parties other than in respect of Director's remuneration as set out in the Directors' Report on page 7.

17 Contingent liabilities

The Company has no contingent liabilities of which the Directors are aware in respect of legal or other claims arising from the ordinary course of business (31 March 2018: £Nil).

18 Events after the reporting period

There were no events after the year end which require disclosure in this annual report. A number of post year end investment transactions have been referred to in the Chairman's Statement on page 3.

19 Ultimate controlling party

By virtue of his beneficial shareholding, Richard Griffiths is considered to be the ultimate controlling party of the Company. A list of the major disclosed shareholders of the Company can be found in the Director's Report on page 7.

Notice of Annual General Meeting

(Incorporated under the Companies Act 2006 of the Isle of Man
and registered in the Isle of Man under number 004145V)

NOTICE IS HEREBY GIVEN that the **2019 ANNUAL GENERAL MEETING** of the Company will be held at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP at 11 a.m. on 9 August 2019.

A. At the Annual General Meeting, the following ordinary business will be transacted:

The consideration and, if thought fit, passing of the following resolutions which will be proposed as ordinary resolutions:

1. **THAT** the audited accounts of the Company for the year ended 31 March 2019 and the reports of the Directors and the Auditors and any other document required to be annexed thereto be and they are hereby considered and adopted.

2. **THAT** Nick Woolard who, having agreed to retire but, being eligible, offers himself for re-election, be and he is hereby reappointed as a Director of the Company.

3. **THAT** Jeffreys Henry LLP, London, United Kingdom be and they are hereby reappointed as Auditors to the Company and that the Directors be and they are hereby authorised to determine their remuneration.

B. In addition the following special business will be transacted:

The consideration and, if thought fit, passing of the following resolution which will be proposed as an ordinary resolution:

4. **THAT** the Directors be generally and unconditionally authorised in accordance with article 5.1 of the Articles to exercise all the powers of the Company to allot Ordinary Shares up to an aggregate par value of £825,532.22; such authority to expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting) at the conclusion of the next Annual General Meeting of the Company or, if earlier, the date 12 months after the date of passing this resolution; provided that this authority shall allow the Company, before such expiry, to make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted after this authority expires and the Directors may allot such Ordinary Shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

The consideration and, if thought fit, passing of the following resolution which will be proposed as a special resolution:

5. **THAT** the provisions of section 5.2 of the Articles requiring shares proposed to be issued for cash first to be offered to the members in proportion as nearly as may be to the number of the existing shares held by them respectively be and it is hereby disapplied in relation to any allotment of Ordinary Shares pursuant to the authority in Resolution 4 above; provided that this disapplication shall be limited to the allotment for cash of Ordinary Shares up to an aggregate par value of £825,532.22 and shall expire (unless and to the extent previously revoked, varied or renewed by special resolution) at the conclusion of the next Annual General Meeting of the Company or, if earlier, the date 12 months after the date of passing this resolution; provided that this authority shall allow the Company, before such expiry, to make an offer or enter into an agreement which would or might require Ordinary Shares to be allotted after this authority expires and the Directors may allot such Ordinary Shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

The consideration and, if thought fit, passing of the following resolution which will be proposed as a special resolution.

Notice of Annual General Meeting (continued)

(Incorporated under the Companies Act 2006 of the Isle of Man
and registered in the Isle of Man under number 004145V)

6. **THAT** subject to the Articles and the Companies Act 2006 the Company be and is hereby generally and unconditionally authorised to purchase Ordinary Shares in the open market on such terms and in such manner as the Directors shall determine, provided that the general authority conferred by this resolution shall:

   (a) be limited to a maximum of 12,382,984 Ordinary Shares (being equal to 14.99 per cent of the issued share capital of the Company as at 2 July 2019);

   (b) not permit payment of a price per Ordinary Share, exclusive of expenses, of less than £0.01 or more than 105 per cent of the average price at which business was done in the Ordinary Shares of the Company in the five business days preceding the purchase; and

   (c) expire (unless and to the extent previously revoked, varied or renewed by special resolution) at the conclusion of the Annual General Meeting of the Company to be held in 2020 or, if earlier, the date 15 months after the date of passing this resolution; provided that this authority shall allow the Company, before such expiry, to make an offer or enter into an agreement which would or might require Ordinary Shares to be purchased after this authority expires and the Company may purchase such Ordinary Shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

Registered Office:	*By Order of the Board*
IOMA House Hope Street Douglas Isle of Man IM1 1AP	P P Scales Company Secretary

Dated 2 July 2019

Notes on entitlement to attend and vote at the Annual General Meeting

1. A member who is entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him or her in respect of such shares. A proxy need not be a member of the Company.

2. A Form of Proxy is enclosed which, to be valid, must be completed and delivered, sent by post or sent by facsimile to +44 (0)1624 681392 together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of such authority) to IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP so as to arrive not later than 11.00 a.m. on 7 August 2019, being 48 hours before the time of the meeting.

3. Completion and return of a Form of Proxy does not preclude a member from attending and voting in person should they wish to do so.

4. The Company, pursuant to Regulation 22 of the Uncertificated Securities Regulations 2006 (Isle of Man), specifies that only those members registered in the register of members as at 11.00 a.m. on 7 August 2019 (or in the event that the meeting is adjourned, on the register of members 48 hours before the time of any adjournment meeting) shall be entitled to attend or vote at the meeting in respect of the Ordinary Shares registered in their name at that time. Changes to entries on the register of members after 11.00 a.m. on 7 August 2019 (or, in the event that the meeting is adjourned, on the register of members less than 48 hours before the time of any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Explanatory notes on the business of the Annual General Meeting

The business of the Annual General Meeting ("AGM") is set out in the notice of AGM.

ORDINARY BUSINESS

The ordinary business of the AGM is to approve the accounts of the Company for the year ended 31 March 2019, to re-elect Nick Woolard as a Director of the Company, and to reappoint Jeffreys Henry LLP as auditors.

SPECIAL BUSINESS

The special business of the AGM is to grant the Directors authority to allot further Ordinary Shares pursuant to Article 5.1 of the Articles, to disapply the pre-emption rights under Article 5.2 of the Articles and to confer the Company with authority to make open market purchase of Company shares.

Authority to allot further Ordinary Shares

It is proposed to grant the Directors authority to allot further Ordinary Shares in accordance with the Articles. Resolutions 4 and 5 deal with these proposals.

To authorise the Directors to allow shares pursuant to Article 5.1, the Articles require that the authority of the Directors to allot shares in the Company should be subject to the approval of Shareholders in general meeting. Resolution 4 will be proposed at the AGM, as an ordinary resolution to authorise the Directors to allot unissued shares of the Company up to a total par value of £825,532.22, such authority to expire on whichever is the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2020 or the date falling twelve months after the passing of this resolution.

To disapply the pre-emption rights under Article 5.2, the Articles require that any shares issued for cash must be offered to existing Shareholders in proportion to their existing holdings unless otherwise approved by Shareholders in general meeting. Accordingly, a special resolution (resolution 5) will be proposed at the AGM, to allow the Directors to allot unissued shares of the Company for cash without first offering them to existing Shareholders, provided that the Directors may not offer shares in this manner which exceed a total par value of £825,532.22. This authority will expire on the date falling twelve months after the passing of this resolution or the date of the annual general meeting to be held in 2020, whichever is the earlier.

Notice of Annual General Meeting (continued)

(Incorporated under the Companies Act 2006 of the Isle of Man
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Authority to make open market purchase of Ordinary Shares

It is proposed to grant the Company an authority to purchase the Company's Ordinary Shares in the open market.

It is proposed to allow the Directors to purchase Ordinary Shares in the open market on such terms and in such manner as the Directors shall determine, but subject to the Articles and the Companies Act 2006, provided that such authority will be limited to the purchase of a maximum of 12,382,984 Ordinary Shares (being equal to 14.99 per cent of the issued share capital of the Company as at 2 July 2019), at a purchase price per Ordinary Share, exclusive of expenses, of not less than £0.01 nor more than 105 per cent of the average price at which business was done in the Ordinary Shares of the Company in the five business days preceding the purchase, such authority to expire on whichever is the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2020 or the date falling twelve months after the passing of this resolution. In accordance with Isle of Man Law, the Directors must ensure that the Company satisfies a statutory solvency test upon any open market purchases of Ordinary Shares being made. In addition, as permitted under Isle of Man law, any amounts credited to a capital redemption reserve as a result of the open market purchases of Ordinary Shares made by the Company may subsequently be reclassified to distributable reserves at the discretion of the Directors.