

The Summit Group Limited

**Annual report and consolidated financial
statements**

31 March 2022

Registered number 02231277

Annual report and consolidated financial statements

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Strategic report

Principal activities

The Company is a venture capital business, and an intermediate holding company for a group of trading businesses. It has a number of investments, with shareholdings ranging from wholly-owned downwards. In all instances the strategic issues relating to those companies are set out in their own report and accounts; but, in addition, the Company actively monitors their performance, most usually by appointing a non-executive director to the board of the company in which it has invested.

At the end of the year under review, the directors took the decision to stop making new venture capital investments. The Company will however continue, where appropriate, to support its existing portfolio of investments (including companies within the Group). This decision came about in part because of the end of the Company's involvement in two limited partnerships to which it previously had a contractual obligation to contribute funds to make investments. Further investments will still be made if the directors believe they have cash resources to do so, bearing in mind the Group-wide obligation to meet salaries of those employees working for businesses where the Group maintains a shareholding of more than 75%; and obligations the Company has to support Group companies in order for them to continue as going concerns.

Results and business review

The year was a busy one, mostly because of corporate activity amongst the Group's investments, as opposed to activities going on in those entities. More detail on this is set out in the paragraphs over the page in relation to those individual businesses. Just in terms of the headlines, the year was on the face of it a good one: the consolidated profit before tax was £3.95 million, consolidated net assets increased to £33.68 million and cash at bank and liquid resources ended the year at £10.22 million. Just like the nation, the economy (and businesses in it) have learned to live with Covid and, despite the tribulations caused by the Omicron variant in late 2021 and early 2022, there is a great deal of "normality" to what went on in the year in purely operational terms.

The Company has continued to support all the businesses in which it has invested. The focus in prior years on preserving the Group's cash resources has meant that we have not had to turn down opportunities to invest, often on attractive terms given the companies' financial needs. No business which we could support became insolvent. There were a number of sales of businesses, mostly because there was a good opportunity to do so and only one (Pyreos Ltd) because of a need to do so.

Behind the headline numbers described above lies a different story, driven out of the accountancy profession's desire and willingness to recognise a profit where most people would struggle to do so. More than the entirety of the Group's profit before tax came from the effective exchange of its partnership interests in Seraphim Space LP for a small amount of cash, shares in a London Stock Exchange listed investment trust, Seraphim Space Investment Trust plc ("SSIT"), and shares in a NASDAQ listed business, Arqit Quantum Inc. ("Arqit"). We therefore exchanged one illiquid investment (the partnership interests) for other slightly more tradeable securities, albeit that both the SSIT and Arqit shares were subject to lock-up agreements (thus making them illiquid for all practical purposes) for the substantial part of and all of the financial year respectively. To treat this as a profit – as opposed to an unrealised gain and a revaluation – stretches credulity particularly when the value of the listed securities fluctuated so much before and after the year-end. Once again the intelligent reader turns to the consolidated statement of cashflows – itself not the lightest of reads – in search of some sanity. All of that said, we clearly ended the year in a better financial position than we started it.

Other than changes driven out of sales of businesses there were little changes to the valuations of our investments. Where we added to holdings these increases are of course reflected in the carrying values, but in the light of the uncertainties that exist in the world we have tried to be cautious in our approach to valuations. Some of the uncertainty comes from the war in Ukraine. Whilst there have been consequences for all our businesses in terms of what this has done to their costs, there is only one for which there have been direct consequences in terms of sales (and positive ones at that).

Strategic report (continued)

Results and business review (continued)

Turning to the individual businesses which the Company owns and the investments that the Group has made:

- As described above, in July 2021 Seraphim Space LP agreed to sell the entirety of its portfolio of investments to SSIT in exchange for the issue to Seraphim Space LP of SSIT shares. Those sales took place over the period between July and December 2021. The SSIT shares and in one case (Arqit) the shares of a portfolio company were then distributed to the individual partners under the terms of the partnership agreement. As it was entitled to do, the Company took cash in respect of the notional tax bill which it would incur in respect of profitable sales of assets. Those SSIT and Arqit shares were subject to lock-up arrangements some of which were in force at the year-end but all of which have now expired.
- In order to ensure that the SSIT flotation was successful, the Company agreed to subscribe 200,000 SSIT shares for an aggregate subscription price of £200k. Just under half of those shares were sold prior to the year-end and the balance shortly thereafter, all profitably.
- Although the entity in which Summit Asset Management Ltd (“SAM”) holds profit share interests (SQN Capital Management LLC (“SQN US”)) continues to manage income funds, with assets under management of around \$200 million, the amount of debt it has taken on meant that the prudent approach was felt to be to provide against the entirety of the carrying value (£400k) until the position is a lot clearer.
- SAM itself has continued to receive the monthly loan repayments from the loan to Medical Equipment Solutions Ltd (“MESL”), which was assigned to it at the time of the completion of the sale of MESL, as well as other rental payments from its historic portfolio of assets subject to operating leases. The last loan repayment was scheduled to be paid in June 2022.
- The results for Summit Insurance Services Ltd (“SIS”) improved, with premiums collected increasing from £1.47 million to £1.96 million, with the associated commissions to SIS nearly doubling from £268k to £518k. As a result of this increase in income and tighter control of costs, the losses in SIS and its sister company, Summit Financial Services Limited (which provides claims handling services) were reduced from £343k to £77k. Levels of new business ticked upwards but were still much constrained by shortages of IT equipment.
- Following the loss of its largest customer, Tennyson Ltd (“Tennyson”) in effect started from scratch. Turnover in the year was £159k and the loss before tax – largely as a result of incurring premises costs for a much larger business – was £182k. Those property costs will continue in 2022/23 before ceasing at the end of March 2023.
- Medtrade Products Ltd (“Medtrade”) had a better 2021/22. In the year to 28 February 2022, sales were £29.1 million (some 25% up on 2020/21) leading to a profit before tax of £2.8 million. Here the war in Ukraine had a huge effect (albeit that the financial consequences of this will only be seen in 2022/23) on sales of its Celox © haemostat product. In the three months to 31 May 2022, Medtrade has achieved more than twice its budgeted profit before tax for the whole of the financial year. It is a testament to the quality of the staff working in the business that they were able to cope with such a huge surge in orders.
- The Summit Alpha portfolio company, iX Group Ltd, sold the entirety of its trade for just under £17.5 million in October 2021. iX Group Ltd was then placed in members' voluntary liquidation with the proceeds of sale (net of costs) being thereafter returned to shareholders. As of the date of this report, all but £50k has been returned to shareholders. The Company's share of these proceeds is just over £1.1 million of which £672k was received in the year under review.
- t-Plan Ltd was again profitable although at a further reduced level following difficulties in concluding new sales. Authenticate Information Systems Ltd ended the year with significant cash reserves and increased

Strategic report (continued)

Results and business review (continued)

revenue from new customers and additional sales to its existing ones. It is expected to be cash-flow break-even during the course of 2022.

- Following the winding up of Seraphim Capital LP (“Seraphim”) the Company continued to support the two remaining companies from its portfolio: Aria Networks Ltd (“Aria”) and Pyreos Ltd (“Pyreos”). Pyreos sold its trade to a US purchaser in March 2022 and was thereafter placed in members’ voluntary liquidation. The Company secured repayment in full of the loan note advances (both secured and unsecured) it had made to Pyreos but wrote off the balance of its equity investments. A further small amount may be due if and when the 10% of the purchase price that was held back and placed in escrow is released in March 2023.
- Aria grew its sales in the year to 31 March 2022 and replaced the chief executive with someone with a greater focus on sales. After the year-end the Company led a £300k fundraising for it with the Company contributing £50k of this.
- Freightsafe Ltd took a major step forward when in December 2021 it reached agreement in principle with Amazon to establish 30 of its secure truck parking installations at 3 locations in Spain for Amazon’s use. On the back of this success, it raised a round of just over £500k (of which the Company contributed just over £50k) to see it through the period during which the sites are to be installed, with a view to a much larger, institutional round of investment being raised in the Autumn of 2022.
- Booking Live Software Ltd also raised additional funds (a total of just over £1 million) before and just after the year-end. The Company contributed a further £125k to this fund-raising. The funds raised (together with an amount expected from one of the other, current shareholders) are hoped to be sufficient to conclude the development of its Connect (SAAS) software for bookings and customer payments.

By order of the board



SJK Barratt
Secretary

12th July 2022

Directors' report for The Summit Group Limited

The directors present the directors' report and the audited consolidated financial statements for the year ended 31 March 2022.

Results and dividends

The results of the Group can be summarised as follows:

	2022	2021
	£000	£000
Profit/(loss) before tax (all continuing operations)	3,948	(660)
Profit/(loss) attributable to ordinary shareholders	4,048	(657)

The Company paid its ordinary shareholder dividends totalling £nil in the year (2021: £nil).

Directors and directors' interests

The directors who held office during the year were as follows:

Mr CN Hunter Gordon
Mr SJK Barratt
Mr BL Sack

The interests of Mr Barratt, Mr Hunter Gordon and Mr Sack in the share capital of Brighthand Ltd are shown in the financial statements of that company.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that ought to have been taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Saffery Champness LLP have expressed their willingness to remain in office.

By order of the board



SJK Barratt
Secretary

5 Cloisters House
Cloisters Business Centre
8 Battersea Park Road, London SW8 4BG

12th July 2022

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the strategic report, the 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Report of the independent auditor, Saffery Champness LLP, to the members of The Summit Group Limited

Opinion

We have audited the financial statements of The Summit Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the consolidated profit and loss account, the consolidated balance sheet, the parent company balance sheet, the consolidated statement of changes in equity, the parent company statement of changes in equity, the consolidated 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 group and the parent company's affairs as at 31 March 2022 and 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) ('ISA (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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council'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.

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.

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.

Report of the independent auditor, Saffery Champness LLP, to the members of The Summit Group Limited *(continued)*

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 group and parent 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, 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 Statement of directors' responsibilities on page 5, 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 group's and parent 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 ISA (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. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and updating our understanding of the sector in which the company operates.

Report of the independent auditor, Saffery Champness LLP, to the members of The Summit Group Limited *(continued)*

Laws and regulations of direct significance in the context of the company include The Companies Act 2006, and UK Tax legislation.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Di Leto (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

Chartered Accountants
Statutory Auditors
71 Queen Victoria Street
London
EC4V 4BE

12 July 2022

Consolidated profit and loss account

for the year ended 31 March 2022

	<i>Note</i>	2022 £000	2021 £000
Group turnover – continuing operations	<i>1-2</i>	860	1,604
Cost of sales		(92)	(905)
		<hr/>	<hr/>
Gross earnings under finance agreements		768	699
		1	1
		<hr/>	<hr/>
Gross profit		769	700
Operating costs	<i>4-7</i>	(1,484)	(1,873)
		<hr/>	<hr/>
Group operating loss		(715)	(1,173)
Profit/(loss) on disposal of other investments	<i>4</i>	4,186	(4)
(Loss)/profit on financial assets at fair value through profit or loss	<i>12</i>	(290)	424
Amounts written off investments		(30)	-
		<hr/>	<hr/>
Operating profit/(loss) – continuing operations	<i>3</i>	3,151	(753)
Income from other fixed asset investments		771	34
Interest receivable	<i>8</i>	29	65
Interest payable	<i>8</i>	(3)	(6)
		<hr/>	<hr/>
Profit/(loss) before taxation		3,948	(660)
Taxation:			
Group	<i>9</i>	-	-
		<hr/>	<hr/>
Profit/(loss) after taxation		3,948	(660)
Non-controlling interests		100	3
		<hr/>	<hr/>
Profit/(loss) for the financial year		4,048	(657)
		<hr/> <hr/>	<hr/> <hr/>

All the above items relate to continuing operations.

The notes on pages 15 – 32 form part of these financial statements

Consolidated balance sheet

at 31 March 2022

	Note	2022		2021	
		£000	£000	£000	£000
Fixed assets					
Goodwill	10	-	-	-	-
Tangible fixed assets	11	80		107	
Investments	12	23,921		20,659	
			24,001		20,766
Current assets					
Debtors	13	198		936	
Liquid resources		3,482		5,655	
Cash at bank and in hand		6,742		3,550	
Creditors: amounts falling due within one year	14	10,422		10,141	
		(713)		(1,155)	
Total net current assets			9,709		8,986
Total assets less current liabilities			33,710		29,752
Debtors: amounts falling due after more than one year	15		-		86
Creditors: amounts falling due after more than one year	16		(32)		(41)
Provisions for liabilities and charges	22		-		(31)
Net assets			33,678		29,766
Capital and reserves					
Share capital	17		7,343		7,343
Capital redemption reserve	18		1,049		1,049
Revaluation reserve	18		16,026		16,777
Other reserve	18		167		167
Profit and loss account	18		8,693		3,894
			33,278		29,230
Non-controlling interests			400		536
Shareholders' funds			33,678		29,766

These consolidated financial statements were approved by the board of directors on 12th July 2022 and were signed on its behalf by:



SJK Barratt
 Director

Company registration number: 02231277

The notes on pages 15 – 32 form part of these financial statements

Company balance sheet

at 31 March 2022

	Note	2022		2021	
		£000	£000	£000	£000
Fixed assets					
Tangible fixed assets	11		8		2
Investments	12		22,602		18,823
			<u>22,610</u>		<u>18,825</u>
Current assets					
Debtors	13	2,902		3,410	
Liquid resources		3,482		5,655	
Cash at bank and in hand		6,656		3,473	
			<u>13,040</u>	<u>12,538</u>	
Creditors: amounts falling due within one year	14	<u>(3,099)</u>		<u>(2,942)</u>	
Total net current assets			<u>9,941</u>		<u>9,596</u>
Total assets less current liabilities			<u>32,551</u>		<u>28,421</u>
Creditors: amounts falling due after more than one year	16		(3)		-
Provisions for liabilities and charges	22		-		(31)
Net assets			<u>32,548</u>		<u>28,390</u>
Capital and reserves					
Share capital	17		7,343		7,343
Capital redemption reserve	18		1,049		1,049
Revaluation reserve	18		15,148		15,352
Other reserve	18		167		167
Profit and loss account	18		8,841		4,479
Shareholders' funds			<u>32,548</u>		<u>28,390</u>

The profit of the Company for the financial year, after taxation, was £4,158,322, (2021: £609,356).

These consolidated financial statements were approved by the board of directors on 12th July 2022 and were signed on its behalf by:

SJK Barratt
 Director

Company registration number: 02231277

The notes on pages 15 – 32 form part of these financial statements

Consolidated statement of changes in equity

for the years ended 31 March 2021 and 2022

Group	Share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Other reserve	Non-controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2020	7,343	1,049	16,026	5,302	167	753	30,640
Loss for the financial year	-	-	-	(657)	-	(3)	(660)
Reserve transfer	-	-	751	(751)	-	-	-
Equity dividends	-	-	-	-	-	(214)	(214)
Balance at 31 March 2021	7,343	1,049	16,777	3,894	167	536	29,766

Group	Share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Other Reserve	Non-controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2021	7,343	1,049	16,777	3,894	167	536	29,766
Profit for the financial year	-	-	-	4,048	-	(100)	3,948
Reserve transfer	-	-	(841)	841	-	-	-
Equity dividends	-	-	-	-	-	(36)	(36)
Reserve transfer: minority interests	-	-	90	(90)	-	-	-
Balance at 31 March 2022	7,343	1,049	16,026	8,693	167	400	33,678

Company statement of changes in equity

for the years ended 31 March 2021 and 2022

Company	Share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Other reserve	Total equity
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2020	7,343	1,049	14,831	4,391	167	27,781
Profit for the financial year	-	-	-	609	-	609
Reserve transfer	-	-	521	(521)	-	-
Balance at 31 March 2021	7,343	1,049	15,352	4,479	167	28,390

Company	Share capital	Capital redemption reserve	Revaluation reserve	Profit and loss account	Other reserve	Total equity
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2021	7,343	1,049	15,352	4,479	167	28,390
Profit for the financial year	-	-	-	4,158	-	4,158
Reserve transfer	-	-	(204)	204	-	-
Balance at 31 March 2022	7,343	1,049	15,148	8,841	167	32,548

The notes on pages 15 – 32 form part of these financial statements

Consolidated statement of cash flows

for the year ended 31 March 2022

	<i>Note</i>	2022 £000	2021 £000
Cash flows from operating activities			
Profit/(loss) for the financial year		3,948	(660)
Adjustments for:			
Depreciation of tangible assets	11	40	50
Interest receivable	8	(29)	(65)
Interest payable	8	3	6
(Profit)/loss on sale of other investments	4	(4,186)	4
Loss/(profit) on financial assets at fair value through profit or loss	12	290	(424)
Amounts written off investments		30	-
Income from fixed asset investments		(771)	(34)
Changes in:			
Trade and other debtors		820	837
Trade and other creditors		(474)	(439)
		<hr/>	<hr/>
Cash generated from operations		(329)	(725)
Interest paid		(3)	(6)
Interest received		29	65
		<hr/>	<hr/>
Net cash from operating activities		(303)	(666)
		<hr/>	<hr/>
Cash flows from investing activities			
Purchase of tangible fixed assets	11	(14)	(52)
Proceeds from the sale of fixed asset investments		5,915	16
Dividends received from fixed asset investments		771	34
Purchase of other fixed asset investments	12	(5,307)	(549)
Proceeds from sale of fixed assets		1	-
		<hr/>	<hr/>
Net cash from investing activities		1,366	(551)
		<hr/>	<hr/>
Cash flows from financing activities			
Dividends paid		(36)	(214)
Net inflow from new finance leases		4	46
Capital element of finance leases		(12)	(12)
		<hr/>	<hr/>
Net cash from financing activities		(44)	(180)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		1,019	(1,397)
Cash and cash equivalents at the beginning of the year		9,205	10,602
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		10,224	9,205
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 15 – 32 form part of these financial statements

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 5 Cloisters House, Cloisters Business Centre, 8 Battersea Park Road, London, SW8 4BG.

Basis of preparation

The Group and Company financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and the requirements of the Companies Act 2006. The presentation currency of these financial statements is sterling.

The financial statements have been prepared under the historical cost accounting rules as modified for the revaluation of certain assets.

The results of the Company are included in the consolidated financial statements, and the Company is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. Its financial statements are consolidated into the financial statements of Brighthand Ltd which can be obtained from Companies House. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- no separate parent company cash flow statement with related notes is included; and
- disclosures in respect of financial instruments have not been presented; and
- key management personnel compensation has not been included a second time.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries for the year ended 31 March 2022. The financial statements include the results of all subsidiaries and joint venture companies throughout the year, or from the date of acquisition or to the date of disposal or deemed disposal as appropriate.

The directors have taken advantage of section 408 of the Companies Act 2006 and no profit and loss account has been presented for the Company.

Judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors consider the valuation of certain of the Group's investments to be key judgments. Further details regarding these judgments can be found in notes 4 and 12 of the accounts.

Goodwill

The cost of purchased goodwill is amortised to nil by equal annual instalments over the estimated useful life.

Goodwill on consolidation

Purchased goodwill arising on consolidation in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life ranging between 3 and 10 years.

Goodwill on acquisitions

Purchased goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised over its estimated useful life. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of each financial year and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable. Purchased goodwill arising on acquisition is amortised to nil by equal annual instalments over its estimated useful life, being over 3-6 years.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Tangible fixed assets

Depreciation is provided on a straight line basis to write off the cost of tangible fixed assets over their estimated useful economic lives. Leased assets are depreciated over the shorter of the lease term and their estimated useful economic lives. The estimated useful economic lives are as follows:

Fixtures and fittings	-	3 - 5 years straight line
Plant and equipment	-	3 - 5 years straight line or over lease term

Leasehold premises and improvements on properties occupied by the Group are depreciated over the term of the lease.

Fixed asset investments

Investments held for their longer term potential are carried at directors' valuation. Provision is made for permanent diminution in value as appropriate.

Shares in group companies

The Company's investments in subsidiary and joint venture companies are stated at cost less any provisions made for permanent diminution in value.

Joint ventures

Joint ventures are those companies in which the Group has both an investment and representation to enable it to exercise significant influence and an involvement in the day to day running of the investee company.

In the consolidated balance sheet, investments in joint ventures are accounted for using the "equity" method. Any discount or premium arising on acquisition is capitalised as an intangible fixed asset and amortised over its estimated useful life. The Group's share of the results, gross assets and liabilities of joint ventures has been based on their latest audited accounts, where these have been made up to 31 March.

Investment in finance agreements

The Company acts as a lessor of printing, agricultural and other equipment. Where substantially all the risks and rewards of ownership pass to the lessee, these leases are accounted for as finance leases in accordance with FRS 102.

i) Recognition of profit on finance agreements

Finance lease income is recognised on an appropriate basis so as to give a constant periodic rate of return on the net cash investment in the lease.

ii) Investment in finance agreements

The investment in finance agreements is stated in the balance sheet at the total of the gross minimum lease payments receivable under such agreements, less finance income allocated to future periods.

iii) Residual interests in leased equipment

In the majority of cases under the lease arrangements described above, the relevant Group company retains an interest in the residual value of the leased equipment. No recognition is made in the financial statements of any profit attributable to the estimated future disposal proceeds of equipment which will be returned to the Group at the termination of the lease or from rentals resulting from secondary leases until these are realised.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Operating leases

Income from operating leases is recognised on a straight line basis over the lease period. Assets held for use under operating leases are included in fixed assets at cost to the Group and are depreciated on a straight line basis over their estimated useful lives.

Finance leases

Assets held under finance leases are capitalised at the fair value of the asset at the inception of the lease, with an equivalent liability categorised as appropriate under creditors due within and after more than one year.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant interest rate on the then current capital balance outstanding.

Pension costs

Employees of the Group are eligible to participate in the stakeholder pension plan run by the Company. The charge represents the contributions payable to the stakeholder pension plan in respect of the accounting period.

Taxation

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax the Company and the Group is expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

Turnover

Turnover represents amounts, excluding value added tax, receivable from the provision of goods and services. It comprises lease rentals, commissions receivable and advisory and other fees.

Foreign currencies

The accounts of overseas undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the re-translation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account.

Related party transactions

The Company has taken advantage of the exemption in FRS 102.33.1A and, other than as set out in note 23, has not disclosed related party transactions.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits repayable on demand. Bank overdrafts that are repayable on demand and form an integral part of the cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Liquid resources

Liquid resources are short term bank deposits of less than one year.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Financial instruments

Financial assets

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses. A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

2 Analysis of Group turnover, profit/(loss) before taxation and net assets/(liabilities)

	2022			2021		
	Group turnover £000	(Loss)/profit before taxation £000	Net assets/ (liabilities) £000	Group turnover £000	Profit/(loss) before taxation £000	Net assets/ (liabilities) £000
<i>By activity</i>						
Equipment leasing and sales	25	(385)	1,489	95	85	2,047
Advisory and other services	678	(227)	(1,170)	1,356	(406)	(873)
Property investment and trading	-	-	-	-	(3)	(1,208)
Head office	157	4,534	33,359	153	(395)	29,800
	<u>860</u>	<u>3,922</u>	<u>33,678</u>	<u>1,604</u>	<u>(719)</u>	<u>29,766</u>
Net interest receivable		26			59	
Profit/(loss) before taxation		<u>3,948</u>			<u>(660)</u>	

Geographical analysis

A geographical analysis of turnover is given below:

	2022 £000	2021 £000
UK	<u>860</u>	<u>1,604</u>

Notes to the financial statements *(continued)*

3 Analysis of continuing and discontinued operations

The entirety of the Group's activities arose from continuing operations.

4 Profit/(loss) before taxation

	2022	2021
	£000	£000
<i>Profit/(loss) before taxation is stated after charging/(crediting)</i>		
Auditor's remuneration:		
audit fee for the Company's financial statements	13	13
audit fee for the Group's (including the Company's) financial statements	36	37
Depreciation of tangible fixed assets:		
owned	28	38
held under finance leases	12	12
Rentals payable under operating leases:		
Property leases	88	83
(Profit)/loss on disposal of other investments	(4,186)	4

Profit on the disposal of other investments in 2022 includes:

i) The Company's disposal of its partnership interest in Seraphim Space LP in exchange for the issue (credited as fully paid) of 3,043,794 shares of £0.01 each in Seraphim Space Investment Trust PLC ("SSIT") at a price of £1 per share (£3,043,794) plus cash of £615,050, plus the issue to the Company of 161,988 shares in Arqit Quantum Inc ("Arqit") of \$0.0001 each (£1,824,254 - derived from its traded price on 15 February 2022 of \$15.21 per share and using an exchange rate of \$1.3506 to the £) – a total of £5,483,098. The fair value of the underlying assets disposed of was £1,081,836 (being the original cost of £502,855 and its revaluation at the date of sale of £578,981), resulting in a profit on disposal of £4,401,262.

ii) The Company's disposal of some of the 200,000 ordinary shares of £0.01 subscribed by it on the flotation of SSIT. The sale proceeds were £109,941 and the original cost was £90,000, resulting in a profit on disposal of £19,941.

iii) Repayment to the Company of the £100,000 unsecured convertible loan notes and £140,000 of secured convertible loan notes issued by Pyreos Ltd for £321,615, resulting in a profit of £81,615. Thereafter, Pyreos Ltd went into members' voluntary liquidation and, as a result, the cost of the original investment of £781,954 less the provisions of £465,834 were disposed of, resulting in a loss on disposal of £316,120.

iv) The Company's disposal of its investment in Avanti Communications Group PLC following that company's administration and the sale of all of its assets. The original cost of £25,607 less the revaluation adjustment of £(25,607) have been disposed of, resulting in a £nil profit.

Loss on the disposal of other investments in 2021 reflects the Company's disposal of part of its investment in Seraphim Space LP. The net sale proceeds were £16,050 and the original cost of the investment was £20,040.

Notes to the financial statements (continued)

5 Remuneration of directors

Directors' emoluments during the year amounted to £357,741 (2021: £622,987) and arose as follows:

	2022	2021
	£000	£000
Emoluments of executive directors:		
Remuneration	358	353
Bonuses (discretionary)	-	270
	358	623

No contributions were made on behalf of directors (2021: £nil) to the stakeholder pension plan of the Company.

The total emoluments of the highest paid director are analysed as follows:

	Highest paid director	
	2022	2021
	£000	£000
Emoluments (including discretionary bonuses)	190	327

6 Staff numbers and costs

The average number of staff employed by the Group during the year was:

	2022	2021
Management staff	4	4
Office staff	13	38
	17	42

The aggregate payroll cost of these persons (including directors) was as follows:

	2022	2021
	£000	£000
Salaries	919	1,980
Management discretionary bonuses	-	270
Social security costs	110	212
Other pension costs	33	49
	1,062	2,511

7 Pensions

The employees of the Group are eligible to participate in the stakeholder pension plan run by the Company. The charge represents the contributions payable to the stakeholder pension plan in respect of the accounting period.

The total pension cost for the Group for the year was £32,500 (2021: £49,500).

Notes to the financial statements *(continued)*

8 Interest

	2022	2021
	£000	£000
Bank interest receivable	2	6
Other interest receivable	27	59
	<u>29</u>	<u>65</u>
Interest receivable	<u>29</u>	<u>65</u>
Interest payable on finance leases	(3)	(6)
Interest payable	<u>(3)</u>	<u>(6)</u>

9 Taxation

The tax assessed on the profit on ordinary activities for the year is lower than (2021: higher than) the standard rate of corporation tax. The UK corporation tax rate of 19% (2021: 19%) is the standard rate for the Group. The factors affecting the current tax charge of the Group are as follows:

	2022	2021
	£000	£000
Profit/(loss) on ordinary activities before taxation	<u>3,948</u>	<u>(660)</u>
Expected tax charge	750	(125)
Non-taxable income	(118)	(377)
Expenses not deductible for tax purposes	216	292
Timing differences on fixed assets	(13)	7
Utilisation of tax losses brought forward	(981)	(25)
Losses not relieved	146	228
	<u>-</u>	<u>-</u>
Total tax recorded in the accounts	<u>-</u>	<u>-</u>

The Group has a deferred tax asset of £9,026,000 (2021: £11,089,000), which consists of unutilised tax losses of £8,879,000 (2021: £10,931,000) and timing differences on depreciation of £147,000 (2021: £158,000), which would be recoverable against future taxable profits of the Group. This asset has been provided for in full. The directors are unaware of any other factors which may affect the future tax charge of the Group.

The movement in the year represents the current year losses not relieved, utilisation of tax losses brought forward, and timing differences on fixed assets all shown above, permanent timing differences on depreciation of £1,570 and adjustments for prior year losses of £(1,217,292).

Notes to the financial statements (continued)

10 Goodwill Group

	Positive goodwill £000
Cost	
At beginning of year	658
Disposals	(361)
	297
Amortisation	
At beginning of year	658
Disposals	(361)
	297
Net book value	
At 31 March 2022	-
At 31 March 2021	-

The disposal in the year represents the fully amortised goodwill in relation to Summit Property Ltd as the company has been struck off.

11 Tangible fixed assets

Group	Fixtures and fittings	Plant and equipment	Total
	£000	£000	£000
Cost			
At beginning of year	24	465	489
Additions	-	14	14
Disposals	(8)	(28)	(36)
	16	451	467
Depreciation			
At beginning of year	23	359	382
Charge for year	-	40	40
Disposals	(8)	(27)	(35)
	15	372	387
Net book value			
At 31 March 2022	1	79	80
At 31 March 2021	1	106	107

The net book value of assets held under finance leases included in plant and machinery above is £34,200 (2021: £42,000).

Notes to the financial statements (continued)

11 Tangible fixed assets (continued)

Company	Fixtures and fittings	Plant and equipment	Total
	£000	£000	£000
Cost			
At beginning of year	24	35	59
Additions	-	8	8
Disposals	(8)	(13)	(21)
At end of year	16	30	46
Depreciation			
At beginning of year	24	33	57
Charge for year	-	2	2
Disposals	(8)	(13)	(21)
At end of year	16	22	38
Net book value			
At 31 March 2022	-	8	8
At 31 March 2021	-	2	2

12 Fixed asset investments

Group	2022 £000	2021 £000
Joint ventures (a)	-	-
Other investments (b)	23,921	20,659
	23,921	20,659
(a) Joint venture companies		
	2022 £000	2021 £000
Share of gross assets	-	1
Share of gross liabilities	-	(1)
	-	-

At the beginning and end of the year the investment in joint ventures represented the holding of 50% of the ordinary shares in The Basingstoke Property Company Ltd. During the year, the investment was transferred from Summit Property Ltd to the Company.

Notes to the financial statements *(continued)*

12 Fixed asset investments *(continued)*

(b) Other investments	2022
	£000
<i>Valuation</i>	
At beginning of year	21,871
Additions	5,307
Revaluation – reserve transfer from profit and loss	(288)
Realised gain on disposal – reserve transfer from profit and loss	(553)
Disposals	(2,102)
Amounts written off investments	(30)
	24,205
<i>Provisions</i>	
At beginning of year	1,212
Provisions in the year	4
Disposals	(932)
	284
<i>Net book value</i>	
At 31 March 2022	23,921
At 31 March 2021	20,659

Investments

(a) The Company has an investment of £564,397 in Medtrade Products Ltd. The company produces specialised wound care dressings. The holding consists of 366 “A” ordinary shares of 10 pence each and 6,478 “B” ordinary shares of 10 pence each, an aggregate shareholding of 22.4% (2021: 22.4%). The investment is held at directors’ valuation and was valued at the year-end at £15,305,555 (2021: £15,305,555).

(b) The Company had a holding of 42,921 ordinary shares in Avanti Communications Group PLC, a company whose shares were traded on a matched bargain basis by JP Jenkins. The investment was held at directors’ valuation and was valued at £nil. On 29 April 2022, the company went into administration, and on the same day its assets were sold as part of a “pre-pack” sale to its secured creditors, and as a consequence there was no value in the ordinary shares. As a result, the original cost of £25,607 less the revaluation adjustment of £(25,607) have been disposed of in full.

(c) The Company has an investment of £25,000 in a company (T-Plan Ltd) which produces test management and planning software. The holding consists of 18,085 “C” ordinary shares of 0.1 pence each, a shareholding of 2.96% (2021: 2.96%). The investment is held at directors’ valuation and was valued at the year-end at £59,200 (2021: £59,200).

(d) The Company had made contributions totalling £449,094 to Seraphim Capital LP. Seraphim Capital LP was a fund set up to make venture capital investments and is now in liquidation. As a result, the original cost of £449,094 less the provision of £449,094 have been disposed of in full.

(e) The Company has an investment of £103,757 in Voicenotes Ltd, a company which transcribes detailed meeting notes for companies’ sales forces. The holding consists of 1,651 ordinary shares of £1 each and represents a shareholding of 26.5% (2021: 26.5%). The investment is held at directors’ valuation and was valued at the year-end at £100,000 (2021: £103,757), resulting in a provision in the year of £3,757.

Notes to the financial statements (continued)

12 Fixed asset investments (continued)

(f) The Company has an investment of £97,085 in a portfolio of listed shares. The investment is held at directors' valuation, based on the relevant quoted mid-market prices, and is valued at the year-end at £158,174 (2021: £120,934), resulting in a revaluation in the year of £37,240.

(g) The Company has an investment of £40,000 in Powerstax Plc, a company which makes advanced DC to DC power conversion units. The holding consists of 400,000 ordinary shares of £0.10 each and represents a shareholding of 2.33% (2021: 2.33%). The investment is held at directors' valuation and was valued at the year-end at £40,000 (2021: £40,000).

(h) The Company had an investment of £781,954 in Pyreos Ltd, following further contributions in the year of £90,000 subscribed in secured convertible loan notes and subsequent repayments of the £100,000 unsecured convertible loan notes and £140,000 of secured convertible loan notes. The company manufactured high tech infra-red sensors. The holding consisted of 5,386,424 ordinary shares of £0.10 each, 171,336,477 A ordinary shares of 0.01 pence and 85,810,483 C preference shares of 0.01 pence and represented a shareholding of 7.68% (2021: 7.68%) of the fully-diluted ordinary share capital. The company is now in liquidation. As a result, the original cost of £781,954 less the provision of £465,834 has been disposed of in full.

(i) The Company has an investment of £337,713 in Booking Live Software Ltd, following purchases of shares during the year of £37,690. The company provides its customers with software to enable on-line booking and payment for those companies' services and facilities. The holding consists of 43,823 (2021: 27,273) ordinary shares of £0.01 each and represents a shareholding of 22.37% (2021: 13.55%). The investment is held at directors' valuation and was valued at the year-end at £337,713 (2021: £300,023).

(j) The Company has made total contributions totalling £499,089 to Seraphim Space LP, following further contributions in the year of £20,944. Seraphim Space LP was a fund set up to make venture capital investments. During the year, all of the underlying assets of (shareholdings held within) Seraphim Space LP were disposed of to SSIT or distributed in specie to the limited partners. As a result, the cost of £499,089 and the revaluation adjustment of £578,981 have been disposed of in full.

(k) The Company has an investment of £525,000 in Freightsafe Ltd, following further contributions in the year of £75,000. The company is trialling products to provide secure parking for lorries at service stations and other locations. The holding consists of 470 (2021: 410) ordinary shares of £1 each and represents a shareholding of 27.79% (2021: 30.62%). The investment is held at directors' valuation and was valued at the year-end at £525,000 (2021: £450,000).

(l) The Company has an investment of £527,074 in Aria Networks Ltd. The company is a developer of artificial-intelligence software for planning and optimisation of next generation telecoms networks. The holding consists of 15,045,260 ordinary shares of £0.001 each, of which 3,285,970 were distributed by Seraphim Capital LLP and 2,532,520 by Seraphim Capital (General Partner) LLP (2020: 926,677 ordinary shares of £1 each held directly and a further 126,626 held on its behalf by Seraphim Capital (General Partner) LP) and represents a total shareholding of 4.13% (2021: 4.13%), £210,000 of secured loan notes and £75,000 of unsecured loan notes. The investment is held at directors' valuation and was valued at the year-end at £247,500 (2021: £247,500).

(m) The Company has an investment of £1,824,254 in Arqit, following the distribution to it in specie of shares held by Seraphim Space LP. Arqit is a cyber-technology business and its shares are listed on NASDAQ. The holding consists of 161,988 ordinary shares of \$0.0001 each and represents a shareholding of 0.13%. The investment is held at directors' valuation and was valued at the year-end at £1,940,892, resulting in a revaluation of £116,638.

(n) The Company has an investment of £3,043,794 in SSIT, following the distribution to it of shares allotted to Seraphim Space LP by SSIT in consideration for the sale by Seraphim Space LP to SSIT of Seraphim Space LP's assets. SSIT is an investment trust listed on the London Stock Exchange making investments in space and space-related technologies. The holding consists of 3,043,794 ordinary shares of £0.01 and represents a shareholding of 1.25%. The investment is held at directors' valuation and was valued at the year-end at £3,232,809, resulting in a revaluation of £188,715.

(o) The Company has a further investment of £110,000 in SSIT, following a £200,000 subscription made on SSIT's flotation. During the year there were disposals of £90,000. The holding at the year-end consists of 110,000 ordinary shares of £0.01 and represents a shareholding of 0.4%. The investment is held at directors' valuation and was valued at the year-end at £116,820, resulting in a revaluation of £6,820.

Notes to the financial statements (continued)

12 Fixed asset investments (continued)

(p) The Company holds, via:

- (i) Dalebury (No. 31) Ltd, a holding of 415 ordinary shares of £1 each and 31,749,410 1p preference shares in Summit Alpha Ltd. This company makes investments in early stage businesses. The holding of preference shares in Summit Alpha currently represents 46.88% (2021: 46.88%) of the issued preference share capital. The number of preference shares owned reflects (a) redemptions following realisations of underlying investments made by Summit Alpha Ltd and (b) additional subscriptions and transfers of preference shares to the company by the other shareholders in Summit Alpha Ltd in lieu of management fees due to The Summit Group Ltd, from those other shareholders and (c) amounts subscribed (in common with the other shareholders) to enable Summit Alpha Ltd to meet its annual running costs. Additional investments were made in the year totalling £15,077 and there were amounts written off the investment of £30,000. The underlying investments were re-valued at the year-end in accordance with the guidelines issued by the British Venture Capital Association at a value of £1,858,446 (2021: £2,109,272). A revaluation adjustment of £(235,903) (2021: £229,668) has been made in the year for the difference between the cost of the investments and the re-valued amount.
- (ii) Summit Asset Holding LLC ("SAH"), a wholly-owned subsidiary of SAM, 25 class B units in SQN US. Those units are held at directors' valuation of £nil (2021: £400,000), resulting in a revaluation reversal in the year of £400,000.

Company

Investment in subsidiaries and associated companies

	2022	2021
	£000	£000
Investments (see Group note)	22,063	18,150
Shares in subsidiaries at cost less provisions	539	673
	<hr/> 22,602 <hr/>	<hr/> 18,823 <hr/>
The movements during the year were:		
Balance at beginning of financial year	18,823	18,107
Additions of other investments	5,292	544
Disposals of other investments	(2,086)	(20)
Disposals of subsidiaries	(366)	-
Provisions released/(charged) in relation to investments in subsidiaries	232	(2)
Provisions released/(charged) against other investments	911	(327)
Revaluation of other investments – reserve transfer from profit and loss	349	521
Realised gain on disposal – reserve transfer from profit and loss	(553)	-
	<hr/> 22,602 <hr/>	<hr/> 18,823 <hr/>

Notes to the financial statements *(continued)*

12 Fixed asset investments *(continued)*

The following is a full list of related undertakings, which are wholly owned by the Company, either directly or indirectly, unless otherwise indicated:

Activity	Name of subsidiary	Percentage holding of ordinary shares
Asset finance companies	Summit Asset Management Ltd	(76.2%)
	Summit Asset Holding LLC *	
Financial advisory and insurance services	Summit Insurance Services Ltd *	(90%)
	Summit Financial Services Ltd *	(90%)
	Summit Corporate Finance Ltd	
Venture capital investments	Dalebury (No.31) Ltd	
Outsourced sales and related services	Tennyson Ltd	
Dormant companies	The Basingstoke Property Company Ltd*	(50%)
	Waste to Energy Ltd *	
	Summit Financial Group Ltd	
	Summit Property Group Ltd	
	Summit Security Trustee Ltd *	

All the above companies are registered in England and Wales, other than Summit Asset Holding LLC which is registered in Delaware, USA.

* - shares held via a subsidiary

The registered office address for all of the above companies is 5 Cloisters House, Cloisters Business Centre, 8 Battersea Park Road, London, SW8 4BG. Summit Asset Holding LLC is registered in Delaware, USA and does not have a UK registered office address.

Notes to the financial statements (continued)

13 Debtors: amounts falling due within one year

	Company		Group	
	2022 £000	2021 £000	2022 £000	2021 £000
Trade debtors	10	19	49	198
Amounts owed by group companies	2,866	3,346	-	-
Prepayments and accrued income	25	25	57	139
Other debtors	1	20	92	599
	<u>2,902</u>	<u>3,410</u>	<u>198</u>	<u>936</u>

Included within other debtors (falling due within one year and after one year) is an amount of £86,460 (2021: £412,749) being a loan plus accrued interest to Medical Equipment Solutions Limited ("MESL"). The loan was assigned from SQN Secured Income Fund PLC to SAM on 10 March 2020. The loan facility was originally dated 16 June 2017, under which MESL borrowed a total of £1,380k, which is repayable over 5 years from the date of drawdown in equal monthly instalments and bears interest at 10% per annum. The financial statements include an amount of £nil (2021: £86,220) that falls due after one year.

14 Creditors: amounts falling due within one year

	Company		Group	
	2022 £000	2021 £000	2022 £000	2021 £000
Trade creditors	11	7	41	52
Amounts owed to group companies	3,023	2,866	525	831
Taxation and social security	33	44	33	44
Accruals and deferred income	28	21	76	150
Other creditors	3	4	25	66
Obligations under finance leases	1	-	13	12
	<u>3,099</u>	<u>2,942</u>	<u>713</u>	<u>1,155</u>

Notes to the financial statements (continued)

15 Debtors: amounts falling due after more than one year

Group	2022 £000	2021 £000
Other debtors	-	86
	<u> </u>	<u> </u>

16 Creditors: amounts falling due after more than one year

	Company		Group	
	2022 £000	2021 £000	2022 £000	2021 £000
Obligations under finance leases	3	-	32	41
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	3	-	32	41
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

17 Share capital

	2022 £000	2021 £000
<i>Authorised</i> 339,850,000 ordinary shares of 10p each	33,985	33,985
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i> 73,430,000 ordinary shares of 10p each	7,343	7,343
	<u> </u>	<u> </u>

Minority interests

Minority interests in certain of the Company's subsidiaries are held by senior management of those subsidiaries. Restrictions and obligations are placed on the transfer of these shares and, in certain circumstances, the holders have the right to require the Company to buy and the Company has the right to acquire these shares at an independent valuation.

Notes to the financial statements (continued)

18 Reserves

The movements on the Company's and the Group's reserves for the year were as follows:

	Company £000	Group £000
Capital redemption reserve		
At 31 March 2021 and 2022	1,049	1,049
	<u> </u>	<u> </u>
	Company £000	Group £000
Revaluation reserve		
At 31 March 2021	15,352	16,777
Reserve transfer from profit and loss	349	(288)
Realised gain on disposal – reserve transfer from profit and loss	(553)	(553)
Reserve transfer from profit and loss - attributable to minority interests	-	90
	<u> </u>	<u> </u>
At 31 March 2022	15,148	16,026
	<u> </u>	<u> </u>
	Company £000	Group £000
Other reserve		
At 31 March 2021 and 2022	167	167
	<u> </u>	<u> </u>
	Company £000	Group £000
Profit and loss account		
At 31 March 2021	4,479	3,894
Profit for the financial year	4,158	4,048
Reserve transfer – to revaluation reserve	204	841
Reserve transfer to revaluation reserve – attributable to minority interest	-	(90)
	<u> </u>	<u> </u>
At 31 March 2022	8,841	8,693
	<u> </u>	<u> </u>
	Company £000	Group £000
Total reserves		
At 31 March 2022	25,205	25,935
	<u> </u>	<u> </u>
At 31 March 2021	21,047	21,887
	<u> </u>	<u> </u>

The Group's share of post-acquisition accumulated gains of joint venture companies is £(50) (2021: £(50)).

Notes to the financial statements (continued)

19 Commitments in respect of operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings	
	2022	2021
	£000	£000
Leases expiring in:		
Not later than one year	77	85
Later than one year and not more than five years	122	250
Later than five years	3	182
	<u>202</u>	<u>517</u>

At 31 March 2022 the capital commitments authorised by the directors amounted to £nil (2021: £nil).

20 Commitments in respect of finance leases

Group

The future lease payments under finance leases are as follows:

	Plant and machinery	
	2022	2021
	£000	£000
Within one year	1	15
After more than one year and less than five years	4	46
Less: finance charges allocated to future periods	(1)	(8)
	<u>4</u>	<u>53</u>

21 Contingent liabilities

The Company has given an undertaking to certain of its subsidiaries that it will provide financial and other support, for at least the next twelve months, to enable those companies to continue to trade.

22 Provisions for liabilities and charges

	Company		Group	
	2022	2021	2022	2021
	£000	£000	£000	£000
Other provisions	-	31	-	31
	<u>-</u>	<u>31</u>	<u>-</u>	<u>31</u>

Other provisions

The provisions in place at 31 March 2021 for both the Company and the Group were provisions against cash balances held with Kaupthing, Singer & Friedlander Ltd (in administration). The provisions were released in the year, and the amount in question written off.

Notes to the financial statements (continued)

23 Related party transactions

Seraphim Space LP

The Company is a limited partner in, and has made capital contributions to, Seraphim Space LP. During the year, the Company received £46,278 (2021: £39,791) in respect of non-refundable advances made to it from Seraphim Space (Manager) LLP, the manager of the general partner of Seraphim Space LP.

Summit Asset Management Ltd ("SAM")

During the year the Company paid interest to SAM of £318 (2021: £735) and received £12,000 (2021: £12,000) for management and accounting services. The amounts owed to SAM at the year-end were £1,366,998 (2021: £942,676). SAM is a 76.2% subsidiary of the Company.

Summit Insurance Services Ltd ("SIS")

£18,000 (2021: £18,000) received for management and accounting services and interest paid of £138 (2021: £586). The amounts owed to SIS at the year-end were £441,298 (2021: £525,662). SIS is a 90% subsidiary of Summit Corporate Finance Ltd, which in turn is a 100% subsidiary of the Company.

24 Ultimate and immediate parent company

The ultimate and immediate parent company is BRIGHTHAND Ltd, which is registered in England and Wales. Accounts for this company are available at Companies House. The address of the registered office for the parent company is 5 Cloisters House, Cloisters Business Centre, 8 Battersea Park Road, London, SW8 4BG.