

Company Registration No. WK-143629 (Cayman Islands)

FORBES VENTURES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

FORBES VENTURES

COMPANY INFORMATION

Directors

Mr P Moss
Mr R S Cooper
Mr N Quinton
Mr B Riordan (Appointed 11 May 2020)

Company number

WK-143629

Registered office

190 Elgin Avenue
George Town
Grand Cayman KY1-9005
Cayman Islands

Auditor

AMS Accountants Corporate Limited
Floor 2
9 Portland Street
Manchester
M1 3BE

FORBES VENTURES

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FORBES VENTURES

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Review of the business

Business Strategy and objectives

Forbes Ventures is a company that has a focus on the finance and legal sectors with particular reference to innovative technology and funding solutions that improve service, scalability and efficiency.

Business environment and performance

The business has continued to explore the potential within the investment market, developing fund management capabilities. The uncertainties caused by Brexit and related issues limited the ability of the business to secure sufficient funding. The business has extended its interests to include development of a securitisation platform to be used across a range of financial assets. The investment in the company's future has resulted in a financial loss of \$329,775 for the year. We continue to be well-supported by our majority shareholder, MEGH UK Ltd.

Post balance sheet activities

As mentioned above and detailed in our announcement of 2nd March 2020, Forbes Ventures announced that its wholly-owned UK Subsidiary, Forbes Ventures Investment Management Limited ("FVIM"), had entered into an agreement to establish a Securitisation Cell Company ("the SCC") to securitise the assignment of receivables from UK litigation funding loans. That process is well underway and we expect to update the market of our progress in this first project within the coming months. We are also looking forward to announcing future securitisations across a diverse client base in due course.

I would like to thank my fellow Directors, both past and present, for their hard work in bringing this securitisation platform to fruition, as well as our shareholders for their patience as we carefully determined this future course. Given the uncertainties facing global markets as a result of the COVID-19 Epidemic, I believe that this platform will create a durable and secure revenue stream for the Company, regardless of continued global volatility in markets or a continued low interest rate environment.

Aside from securitisations, which should provide solid base cashflow, the Company continues to work on other complimentary projects to diversify our business lines and take advantage of current dislocations in the market and will update the market as these come on line.

On behalf of the board

.....
Mr P Moss
Director
.....

FORBES VENTURES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

The Corporate Governance Statement set out on pages 5 and 6 forms part of this report.

Principal activities

The principal activity of the company continued to be that of an investment company.

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr P Moss

Mr R S Cooper

Mr N Quinton

Mr I Zjalic

(Resigned 30 March 2020)

Mr K Kashefi

(Resigned 30 March 2020)

Mr B Riordan

(Appointed 11 May 2020)

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Financial instruments

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Auditor

In accordance with the company's articles, a resolution proposing that AMS Accountants Corporate Limited be reappointed as auditor of the company will be put at a General Meeting.

FORBES VENTURES

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board

.....
Mr P Moss

Director

Date:

FORBES VENTURES

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

FORBES VENTURES

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

CORPORATE GOVERNANCE STATEMENT

The Company's shares are traded on the Aquis exchange and accordingly, compliance with the revised UK Corporate Governance Code is not mandatory. However, the Company has sought to comply with a number of provisions of the Code in so far as it considers them to be appropriate for a company of this size and nature. The Board is accountable to the Company's shareholders for good corporate governance. This report describes how the Company applies the provisions of good corporate governance.

The Company supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving Company policy and strategy. It meets on a regular basis and has a schedule of matters specifically reserved to it for decision. Consultants supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professional advice at the Company's expense.

At 31 December 2019, the Board consisted of the Non-Executive Chairman, one Non-Executive Director and the three Executive Directors. The Directors will review the composition of the Board on a regular basis and intend to appoint additional independent Non-Executive Directors once suitable acquisitions have been identified.

RELATIONS WITH SHAREHOLDERS

The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance. The Annual General Meeting is used to communicate with private investors and they are encouraged to participate. The Directors will be available to answer questions. Separate resolutions will be proposed on each issue so that they can be given proper consideration and there will be a resolution to approve the Annual Report and accounts.

AUDIT COMMITTEE

The Audit Committee once established, will meet at least twice a year and will comprise of Peter Moss (Chair of the Audit Committee) and Robert Cooper. In summary, the Committee will be responsible for the functions recommended by the UK Corporate Governance Code including:

- Review the annual financial statements and interim reports prior to approval, focusing on changes in the principal accounting policies and practices, major judgmental areas, significant audit adjustments, going concern and compliance with accounting standards, Stock Exchange and legal requirements;
- Receive and consider reports on internal financial controls, including reports from the auditors and report their findings to the Board;
- Consider the appointment of the auditors and their remuneration including the review and monitoring of independence and objectivity;
- Meet the auditors to discuss the scope of their audit, issues arising from their work and any matters the auditors wish to raise;
- Develop and implement a policy on the engagement of the external auditor to supply non-audit services; and
- Review the Company's corporate review procedures and any settlement on internal control prior to endorsement by the Board.

FORBES VENTURES

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

REMUNERATION COMMITTEE

The Remuneration Committee comprises of Peter Moss and Robert Cooper. The Committee has the following key duties;

- Reviewing and recommending the emoluments, pension entitlement and other benefits of any executive and, as appropriate, other senior executives; and
- Reviewing the operation of any share option schemes implemented by the Company and the Company and the granting of options under such schemes.

INTERNAL CONTROL

The Board is committed to the maintenance of effective internal controls. The Board recognises its responsibility for maintaining a strong system of internal control to safeguard shareholders' investment and the Company's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has determined that there is currently no requirement for an internal audit function. However, the Directors will continue to review the requirement for an internal audit function on a regular basis.

FORBES VENTURES

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORBES VENTURES

Opinion

We have audited the financial statements of Forbes Ventures (the 'company') for the year ended 31 December 2019 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union;

Basis for opinion

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

Conclusions relating to going concern

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.

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

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

FORBES VENTURES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FORBES VENTURES

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

FORBES VENTURES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FORBES VENTURES

Use of our 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.

David Clegg (Senior Statutory Auditor)
for and on behalf of AMS Accountants Corporate Limited

.....

Chartered Accountants
Statutory Auditor

Floor 2
9 Portland Street
Manchester
M1 3BE

FORBES VENTURES

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019	2018
	Notes	\$	\$
Administrative expenses		(321,534)	(368,574)
Operating loss	3	(321,534)	(368,574)
Investment revenues	7	52	43
Finance costs	8	(8,293)	(1,693)
Other gains and losses	9	-	(29,323)
Loss before taxation		(329,775)	(399,547)
Income tax expense		-	-
Loss for the year		(329,775)	(399,547)

The income statement has been prepared on the basis that all operations are continuing operations.

FORBES VENTURES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 \$	2018 \$
Loss for the year	<u>(329,775)</u>	<u>(399,547)</u>
Other comprehensive income	<u>-</u>	<u>(132,065)</u>
Total comprehensive income for the year	<u>(329,775)</u>	<u>(531,612)</u>

The income statement has been prepared on the basis that all operations are continuing operations.

Basic loss per share	(0.0007)
Diluted loss per share	(0.0007)
Average number of shares	456,251,830

No dividends were proposed or declared in respect of any of the periods presented above.

The accompanying notes form part of this historical financial information.

FORBES VENTURES

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	2019 \$	2018 \$
Non-current assets			
Intangible assets	10	56,785	56,785
Investments	11	103	103
		<u>56,888</u>	<u>56,888</u>
Current assets			
Investments	11	132,065	132,065
Trade and other receivables	13	124,545	43,784
Cash and cash equivalents		-	175
		<u>256,610</u>	<u>176,024</u>
Total assets		<u>313,498</u>	<u>232,912</u>
Current liabilities			
Trade and other payables	15	598,568	188,207
Net current liabilities		<u>(341,958)</u>	<u>(12,183)</u>
Total liabilities		<u>598,568</u>	<u>188,207</u>
Net (liabilities)/assets		<u>(285,070)</u>	<u>44,705</u>
Equity			
Called up share capital	16	98,293,401	98,293,401
Other reserves		292,568	292,568
Capital redemption reserve	17	92,740	92,740
Retained earnings		(98,963,779)	(98,634,004)
Total equity		<u>(285,070)</u>	<u>44,705</u>

The financial statements were approved by the board of directors and authorised for issue on and are signed on its behalf by:

.....

Mr P Moss
Director

Company Registration No. WK-143629

FORBES VENTURES

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital \$	Capital redemption reserve \$	Other reserves \$	Retained earnings \$	Total \$
Balance at 1 January 2018		98,166,292	92,740	243,958	(98,102,392)	400,598
Year ended 31 December 2018:						
Loss for the year		-	-	-	(399,547)	(399,547)
Other comprehensive income:						
Currency translation differences		-	-	-	(132,065)	(132,065)
Total comprehensive income for the year		-	-	-	(531,612)	(531,612)
Issue of share capital	16	127,109	-	-	-	127,109
Transfer to other reserves		-	-	48,610	-	48,610
Balance at 31 December 2018		98,293,401	92,740	292,568	(98,634,004)	44,705
Year ended 31 December 2019:						
Loss and total comprehensive income for the year		-	-	-	(329,775)	(329,775)
Balance at 31 December 2019		98,293,401	92,740	292,568	(98,963,779)	(285,070)

FORBES VENTURES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019		2018	
		\$	\$	\$	\$
Cash flows from operating activities					
Cash absorbed by operations	22		(205,355)		(400,672)
			<u> </u>		<u> </u>
Net cash outflow from operating activities			(205,355)		(400,672)
Investing activities					
Purchase of intangible assets		-		(56,785)	
Loan to subsidiary		(88,957)		(33,045)	
Proceeds on disposal of investments		-		178,524	
Interest received		52		43	
		<u> </u>		<u> </u>	
Net cash (used in)/generated from investing activities			(88,905)		88,737
Financing activities					
Proceeds from issue of shares		-		127,109	
Loan from related party		294,085		105,740	
Adjustment to capital		-		48,610	
		<u> </u>		<u> </u>	
Net cash generated from financing activities			294,085		281,459
			<u> </u>		<u> </u>
Net decrease in cash and cash equivalents			(175)		(30,476)
Cash and cash equivalents at beginning of year			175		30,651
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			<u> </u>		<u> </u>
			<u> </u>		<u> </u>

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Forbes Ventures is a publicly listed company by shares incorporated in Cayman Islands. The registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted for use in the European Union.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

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

1.3 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1.4 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.6 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.7 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

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

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial asset is held for trading. This is the case if:

- the asset has been acquired principally for the purpose of selling in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset. Interest and dividends are included in 'Investment income' and gains and losses on remeasurement included in 'other gains and losses' in the statement of comprehensive income.

Financial assets held at amortised cost

Financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held to maturity investments.

Held to maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Financial assets classified as available for sale are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income. Where an AFS financial asset is disposed of or determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

Dividends and interest earned on AFS financial assets are included in the investment income line item in the statement of comprehensive income.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.10 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through statement of comprehensive income or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

1.12 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.16 Brexit

The impact of Brexit has been reviewed. The slowing or contracting of markets may impact on the target business lines but should not unduly threaten the long term viability of the business. It is felt that Brexit may generate opportunities that the business can exploit.

1.17 Currency

The functional currency of the business is sterling and the reporting currency is American dollars.

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Revenue

	2019	2018
	\$	\$
Other significant revenue		
Interest income	52	43

3 Operating loss

	2019	2018
	\$	\$
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	1,330	(21,840)
(Profit)/loss on disposal of property, plant and equipment	-	74

4 Auditor's remuneration

	2019	2018
	\$	\$
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	6,663	3,994
For other services		
Other services	-	9,931

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019	2018
	Number	Number
	5	4

Their aggregate remuneration comprised:

	2019	2018
	\$	\$
Wages and salaries	3,843	4,187

6 Directors' remuneration

	2019	2018
	\$	\$
Remuneration for qualifying services	162,696	151,731

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Investment income

	2019	2018
	\$	\$
Interest income		
Bank deposits	52	43
	<u>52</u>	<u>43</u>

Total interest income for financial assets that are not held at fair value through statement of comprehensive income is \$52 (2018 - \$43).

8 Finance costs

	2019	2018
	\$	\$
Other interest payable	8,293	1,693
	<u>8,293</u>	<u>1,693</u>

9 Other gains and losses

	2019	2018
	\$	\$
Gain/(loss) on disposal of investments held at fair value through other comprehensive income	-	(29,323)
	<u>-</u>	<u>(29,323)</u>

10 Intangible assets

	Development costs
	\$
Cost	
Additions	56,785
At 31 December 2018	<u>56,785</u>
At 31 December 2019	<u>56,785</u>
Carrying amount	
At 31 December 2019	<u>56,785</u>
At 31 December 2018	<u>56,785</u>

Forbes Ventures invested in a long term business arrangement with a third party and incurred expenditure 2019 - \$56,785 (2018 - \$56,785) to facilitate this. This has been treated as an intangible asset and will be written off over the life of the asset. Other costs have been incurred in Forbes Ventures Investment Management Ltd and will be written off with a consistent amortisation policy.

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Investments

	Current		Non-current	
	2019	2018	2019	2018
	\$	\$	\$	\$
Investments held at fair value through other comprehensive income	132,065	132,065	-	-
Investments in subsidiaries	-	-	103	103
	<u>132,065</u>	<u>132,065</u>	<u>103</u>	<u>103</u>

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through statement of comprehensive income.

Fair value of financial assets carried at amortised cost

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

As at 31 December 2018, the directors conducted a fair value assessment of the business' investment in Allica Limited (previously named Civilised Bank) - a start-up bank. It has been assessed that following a number of share issues, the value of the investment has been diluted. The directors have reduced the value of the investment from \$264,130 to \$132,065 and the write-off has been recorded in the Other Comprehensive Income statement. As at 31 December 2019 the directors are satisfied that no further write-off is required.

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	% Held	
		Direct	Voting
Forbes Ventures Investment Management Limited	England and Wales	100.00	100.00
Forbes Advisory	Grand Cayman	100.00	100.00

During the prior year, the company established a new wholly owned subsidiary called Forbes Advisory Ltd located in Grand Cayman. The subsidiary is dormant.

In addition the company has renamed a wholly owned United Kingdom subsidiary changing it's name from Mentum Services Limited to Forbes Ventures Investment Management Ltd. During the prior year Forbes Ventures Investment Management Ltd commenced work to build the governance structures and procedures for future trading and it is expected that it will commence trading activities in y 2020. The costs of this work have not been consolidated in the group reporting provided in these statements because it is immaterial.

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Trade and other receivables

	2019	2018
	\$	\$
Amounts owed by subsidiary undertakings	122,104	-
Amounts owed by related parties	-	33,147
Other receivables	2,441	6,053
Prepayments	-	4,584
	<u>124,545</u>	<u>43,784</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

14 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

15 Trade and other payables

	2019	2018
	\$	\$
Trade payables	188,655	67,771
Amounts owed to related parties	399,928	105,740
Accruals	9,985	14,593
Other payables	-	103
	<u>598,568</u>	<u>188,207</u>

16 Share capital

	2019	2018
	\$	\$
Ordinary share capital		
<i>Issued and fully paid</i>		
129,418,497 ordinary shares of 75.197739c each	97,319,784	97,319,784
500,000 partly paid shares of 25.6572c each	128,286	128,286
40,000,000 ordinary shares paid for by an investment of 0.6428375c each	257,135	257,135
83,333,333 ordinary shares paid for by an investment of 0.386445c each	322,037	322,037
103,000,000 ordinary shares paid for by an investment of 0.135c each	139,050	139,050
100,007,081 ordinary shares paid for by an investment of 0.1271c each	127,109	127,109
	<u>98,293,401</u>	<u>98,293,401</u>

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Capital redemption reserve

	2019	2018
	\$	\$
At the beginning and end of the year	92,740	92,740

18 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases.

The business occupies a rental property with an annual rental of \$14,300pa. This agreement runs from 1st May each year for 12 months and can be terminated by either party on 12 months' notice. At 31 December 2019 that minimum commitment is 4 months and \$4,766.

19 Capital risk management

The company is not subject to any externally imposed capital requirements.

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

Other information

At the year end, the company owned its then majority shareholder, Quanta Capital Limited £399,927 (2018 : £105,740). The loan is unsecured and carries an interest rate of 12% per annum.

21 Controlling party

At the balance sheet date, Quanta Capital Group Limited held 59.84% of the shareholding of Forbes Ventures Plc. During 2020, MEGH UK Ltd acquired the shareholding of Quanta Capital Group Ltd together with the interest in the loan owed to it.

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

22 Cash absorbed by operations

	2019	2018
	\$	\$
Loss for the year after tax	(329,775)	(399,547)
Adjustments for:		
Investment income	(52)	(43)
(Gain)/loss on disposal of property, plant and equipment	-	74
Other write offs and adjustments	-	(55,778)
Other gains and losses	-	29,322
Movements in working capital:		
Decrease/(increase) in trade and other receivables	8,196	(10,637)
Increase in trade and other payables	116,276	35,937
Cash absorbed by operations	<u>(205,355)</u>	<u>(400,672)</u>