

FORBES VENTURES
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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	Sedulo Audit Ltd Regency Court 62 – 66 Deansgate Manchester M3 2EN

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 2020.

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, however the business has extended its interests to include development of a securitisation platform to be used across a range of financial assets, and the first tranche of this activity is scheduled to be listed and complete by the end of 2021, after the balance sheet was signed, and has been reported as a post balance sheet event (See note 21). The investment in the company's future resulted in a financial loss of \$297,426 for the year but has been justified by the progress in the securitization platform, and we continue to be well-supported by our majority shareholder, CC Capital Limited (previously named MEGH UK Ltd).

Post balance sheet activities

As mentioned above, Forbes Ventures announced that it was developing a securitisation platform in its wholly owned subsidiary Forbes Ventures Investment Management Limited ("FVIM"). The first tranche of this business is scheduled to be listed and completed after the balance sheet date and after the Board approved the accounts. The impact of this transaction makes it a post balance sheet event – an item that fundamentally changes the interpretation of the accounts. Details of the transaction are provided in note 21 to the accounts.

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, 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

December 2021

FORBES VENTURES

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

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	Non Executive - Chairman
Mr R S Cooper	Chief Executive Officer
Mr N Quinton	Chief Financial Officer
Mr I Zjalic	(Resigned 30 March 2020)
Mr K Kashefi	(Resigned 30 March 2020)
Mr B Riordan	Non Executive Director (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

AMS Accountants Corporate Limited resigned as auditors subsequent to the year end and Sedulo Audit Limited were appointed in their place. In accordance with the company's articles, a resolution proposing that Sedulo Audit Limited be reappointed as auditor of the company will be put at the General Meeting.

Suspension of Shares

During May 2021, the firm's auditors, AMS Accountants Group gave notice that they would not be able to perform the annual 2020 audit function because of an inability to get the relevant insurance policies. A selection process was commenced and Sedulo Auditor Ltd were confirmed as Auditors for these accounts (as noted above). This activity limited our ability to deliver financial statements by the 30th June deadline and so the Board agreed to suspend the shares whilst we cleared the audit phase. Suspension of the shares will be lifted immediately after approval and publishing of these statements.

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

December 2021

FORBES VENTURES

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020

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 2020, the Board consisted of the Non-Executive Chairman (Peter Moss), one Non-Executive Director (Bill Riordan) and the two 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 2020

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 2020 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 2020 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.

Material uncertainty relating to going concern

We draw attention to note 1.2 to the financial statements, which indicates that the company is reliant on the realization of income from the successful completion of its first bond listing and the continuation of group support. As stated in note 1.2 these conditions indicate that a material uncertainty may exist that casts significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Extent to which the audit was capable of detecting irregularities, including fraud

The primary responsibility for the prevention and detection of fraud rests with directors and management, and we cannot be expected to detect non-compliance with all laws and regulations.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our knowledge of the business and sector, enquiries of directors and management, and review of regulatory information and correspondence. We communicated identified laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.

We discussed with directors and management the policies and procedures in place to ensure compliance with laws and regulations and otherwise prevent, deter and detect fraud.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations identified as potentially having a material effect on the financial statements. Our procedures included review of financial statement information and testing of that information, enquiry of management and examination of relevant documentation, analytical procedures to identify unusual or unexpected relationships that may indicate fraud, and procedures to address the risk of fraud through director or management override of controls.

FORBES VENTURES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF FORBES VENTURES

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.

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 Stansfield ACCA (Senior Statutory Auditor)

for and on behalf of Sedulo Audit Limited

Statutory Auditor

Regency Court

Deansgate

Manchester

M3 2EN

December 2021

FORBES VENTURES

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Notes	\$	\$
Administrative expenses		(229,530)	(321,534)
Operating loss	3	(229,530)	(321,534)
Investment revenues	7	22,104	52
Finance costs	8	(90,000)	(8,293)
Other gains and losses		-	-
Loss before taxation		(297,426)	(329,775)
Income tax expense		-	-
Loss for the year		(297,426)	(329,775)

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 2020

	2020 \$	2019 \$
Loss for the year	<u>(297,426)</u>	<u>(329,775)</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u><u>(297,426)</u></u>	<u><u>(329,775)</u></u>

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

Basic loss per share	(0.0007)	(0.0007)
Diluted loss per share	(0.0007)	(0.0007)
Average number of shares	456,251,830	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 2020

	Notes	2020 \$	2019 \$
Non-current assets			
Intangible assets	9	56,785	56,785
Investments	10	103	103
		<u>56,888</u>	<u>56,888</u>
Current assets			
Investments	10	132,065	132,065
Trade and other receivables	12	584,156	124,545
Cash and cash equivalents		1,361	-
		<u>717,582</u>	<u>256,610</u>
Total assets		<u>774,470</u>	<u>313,498</u>
Current liabilities			
Trade and other payables	14	1,356,966	598,568
Net current liabilities		<u>(639,384)</u>	<u>(341,958)</u>
Total liabilities		<u>1,356,966</u>	<u>598,568</u>
Net (liabilities)/assets		<u>(582,496)</u>	<u>(285,070)</u>
Equity			
Called up share capital	15	98,293,401	98,293,401
Other reserves	16	292,568	292,568
Capital redemption reserve	16	92,740	92,740
Retained earnings		(99,261,205)	(98,963,779)
Total equity		<u>(582,496)</u>	<u>(285,070)</u>

The financial statements were approved by the board of directors and authorised for issue on December 2021 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 2020

	Share capital	Capital redemption reserve	Other reserves	Retained earnings	Total
Notes	\$	\$	\$	\$	\$
Balance at 1 January 2019	98,293,401	92,740	292,568	(98,634,004)	44,705
Year ended 31 December 2019:					
Loss for the year	-	-	-	(329,775)	(329,775)
Other comprehensive income:					
Currency translation differences	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(329,775)	(329,775)
Issue of share capital	-	-	-	-	-
Transfer to other reserves	-	-	-	-	-
Balance at 31 December 2019	98,293,401	92,740	292,568	(98,963,779)	(285,070)
Year ended 31 December 2020:					
Loss for the year	-	-	-	(297,426)	(297,426)
Other comprehensive income:					
Currency translation differences	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(297,426)	(297,426)
Issue of share capital	-	-	-	-	-
Transfer to other reserves	-	-	-	-	-
Balance at 31 December 2020	98,293,401	92,740	292,568	(99,261,205)	(582,496)

FORBES VENTURES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019	
	Notes	\$	\$	\$	\$
Cash flows from operating activities					
Cash absorbed by operations	22		(63,059)		(197,062)
Interest Payable			<u>(90,000)</u>		<u>(8,293)</u>
Net cash outflow from operating activities			(153,059)		(205,355)
Investing activities					
Purchase of intangible assets		-		-	
Loan to subsidiary		(455,009)		(88,957)	
Proceeds on disposal of investments		-		-	
Interest received		<u>22,104</u>		<u>52</u>	
Net cash used in investing activities			(432,905)		(88,905)
Financing activities					
Proceeds from issue of shares		-		-	
Loan from parent company		587,325		294,085	
Adjustment to capital		<u>-</u>		<u>-</u>	
Net cash generated from financing activities			<u>587,325</u>		<u>294,085</u>
Net increase/(decrease) in cash and cash			1,361		(175)
Cash and cash equivalents at beginning of year			<u>-</u>		<u>175</u>
Cash and cash equivalents at end of year			<u><u>1,361</u></u>		<u><u>-</u></u>

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 Basis of preparation

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 contain information about Forbes Ventures as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under S399 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

The functional currency of the business is sterling and the reporting currency is US dollars. Monetary amounts in these financial statements are rounded to the nearest US dollar.

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 company's business activities together with the factors likely to affect its future development, performance and position, and the principal risks and uncertainties it faces, are set out in the Strategic report.

During the year the company and group incurred ongoing expenses on the development of a securitization platform, and subsequent to the year end it has been working towards the listing and closing of the first bond under this platform. As detailed in Post balance sheet event note 21 this is not scheduled to complete until late 2021, after approval of these financial statements, at which point it will realize significant funds into the group to enable it to meet its costs and ongoing expenses. In addition, the parent company has provided an undertaking that it will provide continued support to the company and not seek repayment of monies owing to it until such time as funds permit.

The directors acknowledge that the above may indicate a material uncertainty over the company's ability to continue as a going concern. However, having considered their expectation that the bond issues will complete as detailed in note 21, and the support provided by the parent company, 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.

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1.3 Significant judgements and estimates

In preparing these financial statements the directors have had to make the following judgements which may have a material effect thereon:

- the directors have had to determine whether there are indicators of impairment of the company's intangible assets, taking into consideration the economic viability and expected future performance of the asset and, where it is a component of a large cash generating unit, the viability and expected performance of that unit.
- the directors have had to determine the fair value of the company's current and non-current investments, taking into consideration the performance of the investment, expected flow of economic benefits, and its expected future return.
- the directors have had to determine that preparing the accounts on a going concern basis is appropriate having regard to the company's ongoing performance and confirmed ongoing financial support from fellow group undertakings.

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1.4 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.

1.5 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.

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

1.6 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 2020

1 Accounting policies

1.7 Current and Non-current investments

Non current investment interest in subsidiaries, associates, jointly controlled entities and other investments 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.

Current investments are initially measured at cost and subsequently at fair value. The fair value is assessed at each year end any fair value gain or loss reflected through other comprehensive income

1.8 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.

1.9 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.

1.10 Financial assets

Financial assets are liquid assets including cash, trade and other receivables and equity instruments. 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.

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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 initially measured at fair value and any transaction costs are recognised in profit or loss, and subsequently 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 2020

1 Accounting policies

Financial assets classified as available for sale (AFS) 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.

1.11 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.

1.12 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 2020

1 Accounting policies

1.13 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.

1.14 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.

1.15 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.

1.16 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.

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Revenue

	2020	2019
	\$	\$
Other significant revenue		
Interest income	22,104	52

3 Operating loss

	2020	2019
	\$	\$
Operating loss for the year is stated after charging/(crediting):		
Exchange losses	76,153	1,330
(Profit)/loss on disposal of property, plant and equipment	-	-

4 Auditor's remuneration

	2020	2019
	\$	\$
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	5,000	6,663
For other services		
Other services	-	-

5 Employees

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

	2020	2019
	Number	Number
	4	5

Their aggregate remuneration comprised:

	2020	2019
	\$	\$
Wages and salaries	-	3,843

6 Directors' remuneration

	2020	2019
	\$	\$
Remuneration for qualifying services	88,288	162,696

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

7 Investment income

	2020	2019
	\$	\$
Interest income		
Bank deposits	-	52
Interest from subsidiary company	22,104	-
	<u>22,104</u>	<u>-</u>

Total interest income for financial assets that are not held at fair value through statement of comprehensive income is \$Nil (2019 - \$52).

8 Finance costs

	2020	2019
	\$	\$
Other interest payable	90,000	8,293
	<u>90,000</u>	<u>8,293</u>

This is interest payable on loans provided by the parent company and has been accrued at an agreed commercial rate.

9 Intangible assets

	Development costs
	\$
Cost	
Additions	56,785
	<u>56,785</u>
At 31 December 2019	56,785
	<u>56,785</u>
At 31 December 2020	56,785
	<u>56,785</u>
Carrying amount	
At 31 December 2020	56,785
	<u>56,785</u>
At 31 December 2019	56,785
	<u>56,785</u>

Forbes Ventures invested in a long term business arrangement with a third party and incurred expenditure 2020 - nil (2019 - \$56,785) to facilitate this. This has been treated as an intangible asset and will be written off over the life of the asset. No amortization has yet been charged as the arrangement had not been brought into use as at the year end; amortization will commence when it is brought into use in 2021.

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Investments

	Current		Non-current	
	2020	2019	2020	2019
	\$	\$	\$	\$
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>

11 Subsidiaries

Details of the company's subsidiaries at 31 December 2020 are as follows:

Name of undertaking	Registered office	% Held	
		Direct	Voting
Forbes Ventures Investment Management Limited	England and Wales	100.00	100.00
Forbes Ventures Cell 1 Limited (dormant)	England and Wales	100.00	100.00
Forbes Advisory Ltd (dormant)	Grand Cayman	100.00	100.00

Forbes Advisory Ltd was closed subsequent to the year end. Forbes Ventures Investment Management Limited's principal activity is that of investment management.

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12	Trade and other receivables	2020	2019
		\$	\$
	Amounts owed by subsidiary undertakings	577,113	122,104
	Amounts owed by related parties	-	-
	Other receivables	7,043	2,441
	Prepayments	-	-
		<u>584,156</u>	<u>124,545</u>

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

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

13 Financial risk management

Market Risk

The company is exposed to price risk in relation to its equity investments carried at fair value through other comprehensive income. No equity investments are considered impaired at the reporting date.

The company is exposed to currency risk primarily due to its presentational currency being US dollars compared to its functional currency being sterling. In relation to its trade and other receivables and trade and other payables which are pre-dominantly denominated in sterling. Gains and losses on retranslation at the reporting date are reflected through profit and loss.

Credit risk

The company is exposed to credit risk through its cash and cash equivalents and trade and other receivables. No significant receivable balances are impaired at the reporting end date.

Liquidity risk

The company is exposed to liquidity risk through its trade and other payables. The largest part of these are with group companies which have indicated their continuing support and that facilities will not be withdrawn.

14	Trade and other payables	2020	2019
		\$	\$
	Trade payables	220,105	188,655
	Amounts owed to group companies	987,253	399,928
	Accruals	149,608	9,985
	Other payables	-	-
		<u>1,356,966</u>	<u>598,568</u>

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

15 Share capital	2020	2019
	\$	\$
Ordinary share capital		
<i>Issued and fully paid</i>		
456,251,830 Ordinary shares	98,293,401	98,293,401

In prior years the ordinary share capital has been subject to multiple consolidations and subdivisions. At the reporting date issued ordinary shares are all classified as £0.01, are all fully paid and have equal rights. There are no preferential shares authorised or issued.

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

16 Capital redemption reserve and other reserves

	2020	2019
	\$	\$
At the beginning and end of the year		
Capital Redemption Reserve	92,740	92,740
Other Reserves	<u>292,568</u>	<u>292,568</u>

These reserves were created as part of historic changes to the capital structure of the business. It is considered that these are non-distributable reserves.

17 Operating lease commitments

Lessee

At the reporting end date the company had no outstanding commitments for future minimum lease payments under non-cancellable operating leases.

18 Capital risk management

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

19 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out above (see note 6) in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

Other information

At the year end, the company owed its majority shareholder, MEGH UK Limited (now CC Capital Limited) \$987,253 (2019 - \$399,927). The loan is unsecured and accrues interest at a commercial rate.

20 Controlling party

At the balance sheet date, MEGH UK Ltd (now CC Capital Limited) held 59.84% of the shareholding of Forbes Ventures, and is considered to be the immediate and ultimate parent company.

21. Post Balance Sheet Event

The company and its subsidiaries have for some time been exploring how to provide litigation funding for law firms through listed securitisation issues. During 2020, the firm established working relationships with a number of counterparties that have worked collaboratively to develop a platform that law firms could use to originate funding.

By the end of the year Forbes Ventures and its subsidiaries had established itself as a potential key component of the process, which would involve buying receivables through wholly owned securitisation cell companies and selling them to an issuer as support for bonds listed on the Maltese stock exchange. As at the year end, the firm had not signed any of the documentation to support these relationships but negotiations were at an advanced stage.

The income for the firm and its wholly owned subsidiaries will be a commission based on the size of the bond issued and the specific details of the agreed commercial terms. Since the balance sheet date, Forbes Ventures has worked towards the listing and closing of the first bond of £40m which will realise a gross income of £800,000 (before costs and taxation), and which is scheduled to complete by the end of 2021. The firm plans to issue a second tranche of securitisation business amounting to bonds totalling £60m in early 2022. The gross income that is projected from this tranche will amount to £1.2m (before costs and taxation). The benefit of both tranches will be spread across the firm and its wholly owned subsidiaries.

FORBES VENTURES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

22 Cash absorbed by operations	2020	2019
	\$	\$
Loss for the year after tax	(297,426)	(329,775)
Adjustments for:		
Investment income		(52)
(Gain)/loss on disposal of property, plant and equipment	-	-
Interest payable	90,000	8,293
Other gains and losses	-	-
Movements in working capital:		
Decrease/(increase) in trade and other receivables	(4,602)	8,196
Increase in trade and other payables	171,073	116,276
Cash absorbed by operations	<u>(63,059)</u>	<u>(197,062)</u>