

Registered number: 01549655

DOLPHIN FINANCE CORPORATION PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



DOLPHIN FINANCE CORPORATION PLC

COMPANY INFORMATION

DIRECTORS	L.D. Melville P.M. Enoch
COMPANY SECRETARY	Mrs G.F. Ellis
REGISTERED NUMBER	01549655
REGISTERED OFFICE	4th Floor 7/10 Chandos Street London W1G 9DQ
INDEPENDENT AUDITORS	Simmons Gainsford LLP Chartered Accountants 7/10 Chandos Street Cavendish Square London W1G 9DQ

DOLPHIN FINANCE CORPORATION PLC

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Statement of cash flows	13
Analysis of net debt	14
Notes to the financial statements	15 - 28

DOLPHIN FINANCE CORPORATION PLC

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

INTRODUCTION

The results for the year are set out in the attached accounts.

BUSINESS REVIEW

The results of the company fluctuate year on year because of the requirement under FRS 102 to revalue the Permanent Interest Bearing Securities (PIBS) which are held in stock. The results of the underlying business are considered to be satisfactory in both years.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks to the business are the performance of the investments, any general economic downturn and loss of clients in the subsidiaries' trading operations.

Performance of Investments

The company is exposed to the risk that the investee companies do not perform or develop as expected and thus are unable to repay the money invested in them.

During the year the Directors made the decision to write-down the carrying value of the investment in Ingenuity Group Limited to £100,000. The Board has made this impairment as a result of the Covid-19 pandemic delaying negotiations with potential third party partners.

Post year end, the company realised one of its investments generating a profit on sale of £950,780.

The company's other significant investee companies continue to experience improved performance.

Interest rate risk

The company is exposed to interest rate risk on its bank deposits. All monies are held in Sterling.

Liquidity risk

The company manages its cash balances in order to maximise interest income whilst ensuring the company has sufficient liquid resources to meet its requirements.

Market conditions

The company is exposed to fluctuations in the market conditions affecting its PIBS. The Board monitors these conditions and manages the investment accordingly.

Coronavirus

The company is exposed to the risks associated with the Covid-19 pandemic, most notably the effect the pandemic is having on the worldwide economy. The coronavirus may result in difficult trading conditions for investee companies thus meaning they are less likely to repay the money invested in them. The management will closely monitor the situation and act accordingly to minimise any impact.

DOLPHIN FINANCE CORPORATION PLC

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

KEY PERFORMANCE INDICATORS

The directors consider that the company has two key performance indicators as follows:

- i) The long term prospects and performance of the investee companies.
- ii) That the underlying business, excluding the performance of the investee companies and fluctuations caused by the revaluations of the PIBS, at least breaks even.

The results of the subsidiary and associate undertakings are shown in note 13 to the accounts. These businesses are at various stages of maturity as management works towards an exit and the directors are satisfied with the current results.

During the period, certain other investments were impaired giving rise to a charge in the profit and loss account of £430,000 (2019: £1,923,711), which significantly contributed to the overall reported loss of £393,908 (2019: £2,354,214).

The underlying business, as described in (ii) above, made a profit of £41,241 (2019: £95,071 profit).

DIRECTORS' STATEMENT OF COMPLIANCE WITH DUTY TO PROMOTE THE SUCCESS OF THE COMPANY

Consideration of consequences of decisions in the long term

The directors typically consider the implications for a number of years when making significant decisions, and consider the consequences of those decisions for the shareholders and investee companies.

Interests of the company's employees

The directors recognise the benefits of recruiting and retaining the best quality employees. Training is provided to staff to help them develop in their roles. Healthcare support is provided.

Fostering business relationships with suppliers and others

The directors of the company ensure relationships with investee companies and suppliers are maintained and developed.

Impact of company's operations on the community and environment

The directors of the company are of the opinion that the company's operations have minimal impact on its community and environment. However, as operations grow and adapt the directors will remain mindful of any changes in this respect.

Maintaining a reputation for high standards of business conduct

The business is committed to operating with the highest standards of conduct.

Acting fairly between members of the company

The overall objectives of the company's members and directors are aligned towards building the long-term success of the business.

This report was approved by the board on

24/6/2021 | 16:09 BST and signed on its behalf.



L.D. Melville
Director

DOLPHIN FINANCE CORPORATION PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

The principal risks and uncertainties have been considered in the strategic report.

PRINCIPAL ACTIVITY

The principal activities of the company are the provision of finance and management services and dealing in securities.

DIRECTORS

The directors who served during the year were:

L.D. Melville
P.M. Enoch

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

DOLPHIN FINANCE CORPORATION PLC

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

AUDITORS

The auditors, Simmons Gainsford LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24/6/2021 | 16:09 BST and signed on its behalf.



L.D. Melville
Director

DOLPHIN FINANCE CORPORATION PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF DOLPHIN FINANCE CORPORATION PLC

OPINION

We have audited the financial statements of Dolphin Finance Corporation PLC (the 'Company') for the year ended 31 December 2020, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

DOLPHIN FINANCE CORPORATION PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF DOLPHIN FINANCE CORPORATION PLC (CONTINUED)

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 Auditors' 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.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

- adequate accounting records have not been kept, 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.

DOLPHIN FINANCE CORPORATION PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF DOLPHIN FINANCE CORPORATION PLC (CONTINUED)

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 3, 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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In order to identify and assess the risks of material misstatements, including fraud and non-compliance with laws and regulations that could be expected to have a material impact on the financial statements, we have considered:

- the results of our enquiries of management and those charged with governance of their assessment of the risks of fraud and irregularities;
- the nature of the company, including its management structure and control systems (including the opportunity for management to override such controls);
- management's incentives and opportunities for fraudulent manipulation of the financial statements including the company's remuneration and bonus policies and performance targets; and
- the industry and environment in which it operates.

We also considered UK tax and pension legislation and laws and regulations relating to employment and the preparation and presentation of the financial statements such as the Companies Act 2006.

DOLPHIN FINANCE CORPORATION PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF DOLPHIN FINANCE CORPORATION PLC (CONTINUED)

Based on this understanding we identified the following matters as being of significance to the entity:

- laws and regulations considered to have a direct effect on the financial statements including UK financial reporting standards, Company Law, tax and pension legislation and distributable profits legislation;
- management bias in selecting accounting policies and determining estimates;
- inappropriate journal entries;
- recoverability of debtors; and
- the requirement to impair investments in unlisted companies and the amount of any such impairment.

We communicated the outcomes of these discussions and enquiries, as well as consideration as to where and how fraud may occur in the entity, to all engagement team members.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised:

- enquiries of management and those charged with governance as to whether the entity complies with such laws and regulations;
- enquiries with the same concerning any actual or potential litigation or claims;
- discussion with the same regarding any known or suspected instances of non-compliance with laws and regulation and fraud;
- inspection of relevant legal correspondence;
- assessment of matters reported to management and the result of the subsequent investigation;
- obtaining an understanding of the relevant controls during the period;
- challenging assumptions made by management in their specific accounting policies and estimates;
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or crediting revenue or cash;
- assessing the recovery of debtors in the period since the balance sheet date and challenging assumptions made by management regarding the recovery of balances which remain outstanding;
- challenging key assumptions made by management in their assessment of any impairment to the carrying value of the investments in unlisted companies;
- reviewing the financial statements for compliance with the relevant disclosure requirements;
- performing analytical procedures to identify any unusual or unexpected relationships or unexpected movements in account balances which may be indicative of fraud;
- reviewing the minutes of Board meetings and correspondence with HMRC;
- evaluating the underlying business reasons for any unusual transactions; and
- considered the implementation of controls during the year.

DOLPHIN FINANCE CORPORATION PLC


INDEPENDENT AUDITORS' REPORT TO THE MEMBERS, AS A BODY, OF DOLPHIN FINANCE CORPORATION PLC (CONTINUED)

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be *inherently more difficult to detect than irregularities that result from error*. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

USE OF OUR REPORT

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



David Pumfrey FCA (Senior statutory auditor)

for and on behalf of

Simmons Gainsford LLP

Chartered Accountants

7/10 Chandos Street

Cavendish Square

London

W1G 9DQ

Date: 24/6/2021 | 16:09 BST

DOLPHIN FINANCE CORPORATION PLC

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	418,791	528,143
Cost of sales	2.5	(28,203)	79,373
GROSS PROFIT		<u>390,588</u>	<u>607,516</u>
Administrative expenses		(377,550)	(1,038,019)
Other operating income	5	21,632	-
Other operating charges		(430,000)	(1,923,711)
OPERATING LOSS	6	<u>(395,330)</u>	<u>(2,354,214)</u>
Interest receivable and similar income		1,422	-
LOSS BEFORE TAX		<u>(393,908)</u>	<u>(2,354,214)</u>
Tax on loss	11	-	-
LOSS FOR THE FINANCIAL YEAR		<u><u>(393,908)</u></u>	<u><u>(2,354,214)</u></u>

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

The notes on pages 15 to 28 form part of these financial statements.

DOLPHIN FINANCE CORPORATION PLC
REGISTERED NUMBER: 01549655

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	12	-	10,776
Investments	13	292,466	692,466
		<u>292,466</u>	<u>703,242</u>
CURRENT ASSETS			
Stocks	14	2,589,520	2,617,723
Debtors	15	707,073	930,273
Cash at bank and in hand	16	1,974,744	1,975,870
		<u>5,271,337</u>	<u>5,523,866</u>
Creditors: amounts falling due within one year	17	(5,390,588)	(5,659,985)
		<u>(119,251)</u>	<u>(136,119)</u>
NET CURRENT LIABILITIES			
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>173,215</u>	<u>567,123</u>
PROVISIONS FOR LIABILITIES			
Deferred tax	19	(94,020)	(94,020)
		<u>(94,020)</u>	<u>(94,020)</u>
NET ASSETS		<u><u>79,195</u></u>	<u><u>473,103</u></u>
CAPITAL AND RESERVES			
Called up share capital	20	12,600	12,600
Other reserves	21	552,725	580,928
Profit and loss account	21	(486,130)	(120,425)
		<u>79,195</u>	<u>473,103</u>

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

24/6/2021 | 16:09 BST


L.D. Melville
 Director

DOLPHIN FINANCE CORPORATION PLC

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	12,600	580,928	(120,425)	473,103
Loss for the year	-	-	(393,908)	(393,908)
Fair value loss on securities - Transferred to other reserves	-	(28,203)	28,203	-
AT 31 DECEMBER 2020	<u>12,600</u>	<u>552,725</u>	<u>(486,130)</u>	<u>79,195</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	12,600	501,555	2,313,162	2,827,317
Loss for the year	-	-	(2,354,214)	(2,354,214)
Fair value gain on securities - Transferred to other reserves	-	79,373	(79,373)	-
AT 31 DECEMBER 2019	<u>12,600</u>	<u>580,928</u>	<u>(120,425)</u>	<u>473,103</u>

The notes on pages 15 to 28 form part of these financial statements.

DOLPHIN FINANCE CORPORATION PLC

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the year	(393,908)	(2,354,214)
ADJUSTMENTS FOR:		
Depreciation of tangible assets	10,776	10,774
Impairments of fixed asset investments	430,000	1,923,711
Interest received	(1,422)	-
Decrease/(increase) in stocks	28,203	(79,373)
Decrease in debtors	161,902	487,462
(Increase) in amounts owed by group undertakings	(1,391)	(1,742)
(Decrease) in creditors	(31,397)	(2,868)
(Decrease) in amounts owed to associates	(288,000)	(44,361)
Corporation tax received	62,689	-
NET CASH GENERATED FROM OPERATING ACTIVITIES	(22,548)	(60,611)
CASH FLOWS FROM INVESTING ACTIVITIES		
New loans to group undertakings	(30,000)	(36,000)
Interest received	1,422	-
NET CASH FROM INVESTING ACTIVITIES	(28,578)	(36,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Other new loans	50,000	-
NET CASH USED IN FINANCING ACTIVITIES	50,000	-
(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,126)	(96,611)
Cash and cash equivalents at beginning of year	1,975,870	2,072,481
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	1,974,744	1,975,870
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	1,974,744	1,975,870

The notes on pages 15 to 28 form part of these financial statements.

DOLPHIN FINANCE CORPORATION PLC

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	1,975,870	(1,126)	1,974,744
Debt due within 1 year	-	(50,000)	(50,000)
	<u>1,975,870</u>	<u>(51,126)</u>	<u>1,924,744</u>

The notes on pages 15 to 28 form part of these financial statements.

DOLPHIN FINANCE CORPORATION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

Dolphin Finance Corporation PLC is a public limited company incorporated in England and Wales, the registered number is 01549655. The address of the registered office is 4th Floor, 7-10 Chandos Street, London, W1G 9DQ.

The principal activities of the company are the provision of finance and management services and dealing in securities.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The company has taken exemption from preparing consolidated accounts under FRS 102 on the basis that it is a small group.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

2.2 TURNOVER

Turnover represents management fees receivable, proceeds of the sale of listed investments held in stock and interest receivable on loans and investments, recognised in the period to which they relate.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.3 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

DOLPHIN FINANCE CORPORATION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.3 TANGIBLE FIXED ASSETS (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as set out below.

Depreciation is provided on the following basis:

Motor vehicles	- 20% straight line
Fixtures & fittings	- 15% straight line
Improvements to premises	- 15% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.4 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.5 STOCKS

Permanent Interest Bearing Securities (PIBS) held as stock are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period as cost of sales.

2.6 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management

DOLPHIN FINANCE CORPORATION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.8 FINANCIAL INSTRUMENTS

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, finance leases, and loans from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

Financial liabilities and equity instruments are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities, including trade and other payables, bank loans, loans from fellow group companies, are initially measured at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

DOLPHIN FINANCE CORPORATION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.8 FINANCIAL INSTRUMENTS (continued)

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. 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.

2.9 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.11 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.12 PENSIONS

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

DOLPHIN FINANCE CORPORATION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.14 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgments

Apart from those involving estimates there have been no significant judgments in the financial statements.

Key sources of estimation uncertainty

The directors are of the view that there are no estimates or assumptions in addition to the above which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

DOLPHIN FINANCE CORPORATION PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Interest receivable	-	112,224
Income from securities	178,791	178,791
Management fees	240,000	237,128
	<u>418,791</u>	<u>528,143</u>

All turnover arose within the United Kingdom.

5. OTHER OPERATING INCOME

	2020 £	2019 £
Government grants receivable	<u>21,632</u>	<u>-</u>

6. OPERATING LOSS

The operating loss is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	10,776	10,774
Defined contribution pension cost	2,572	2,207
	<u>13,348</u>	<u>12,981</u>

7. AUDITORS' REMUNERATION

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>12,500</u>	<u>12,500</u>

**FEES PAYABLE TO THE COMPANY'S AUDITOR AND ITS
ASSOCIATES IN RESPECT OF:**

All other services	<u>56,925</u>	<u>88,742</u>
--------------------	---------------	---------------

DOLPHIN FINANCE CORPORATION PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	104,871	126,290
Social security costs	9,199	12,349
Cost of defined contribution scheme	2,572	2,207
	<u>116,642</u>	<u>140,846</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Office and administration	<u>4</u>	<u>4</u>

9. DIRECTORS' REMUNERATION

	2020 £	2019 £
Directors' emoluments	<u>50,000</u>	<u>50,000</u>

Directors' remuneration equates to Key Management Personnel compensation.

10. INTEREST RECEIVABLE

	2020 £	2019 £
Other interest receivable	<u>1,422</u>	<u>-</u>

DOLPHIN FINANCE CORPORATION PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. TAXATION

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	(393,908)	(2,354,214)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(74,843)	(447,301)
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	673	973
Depreciation for year in excess of capital allowances	1,235	1,097
Unrelieved tax losses carried forward	72,935	445,231
TOTAL TAX CHARGE FOR THE YEAR	-	-

The Company has corporation tax losses carried forward of £2,727,497 (2019: £2,343,629) which can be used against future trading profits.

DOLPHIN FINANCE CORPORATION PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. TANGIBLE FIXED ASSETS

	Fixtures & fittings £	Improvement to premises £	Motor vehicles £	Total £
COST OR VALUATION				
At 1 January 2020	3,955	109,070	70,865	183,890
At 31 December 2020	3,955	109,070	70,865	183,890
DEPRECIATION				
At 1 January 2020	3,953	109,070	60,091	173,114
Charge for the year on owned assets	2	-	10,774	10,776
At 31 December 2020	3,955	109,070	70,865	183,890
NET BOOK VALUE				
At 31 December 2020	-	-	-	-
At 31 December 2019	2	-	10,774	10,776

DOLPHIN FINANCE CORPORATION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

13. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £	Investments in associates £	Loans to associates £	Other fixed asset investments £	Total £
COST OR VALUATION					
At 1 January 2020	101	445	2,423,711	236,265	2,660,522
Additions	-	-	30,000	-	30,000
At 31 December 2020	101	445	2,453,711	236,265	2,690,522
IMPAIRMENT					
At 1 January 2020	-	-	1,923,711	44,345	1,968,056
Charge for the period	-	-	430,000	-	430,000
At 31 December 2020	-	-	2,353,711	44,345	2,398,056
NET BOOK VALUE					
At 31 December 2020	101	445	100,000	191,920	292,466
At 31 December 2019	101	445	500,000	191,920	692,466

SUBSIDIARY AND ASSOCIATE UNDERTAKINGS

The following were subsidiary/associate undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Tradeclips Limited	England and Wales	Storage of multi-media content	Ordinary	22.7%
Ingenuity Group Limited	England and Wales	Marketing and selling of carbonated system for drinks	Ordinary	38.4%
DFC Estates Limited	England and Wales	Property investment	Ordinary	100%
Wirefast Limited	England and Wales	Provision of secure electronic messaging and news aggregation delivery services	Ordinary	40%
DFC Capital Limited	England and Wales	Dormant company	Ordinary	100%

DOLPHIN FINANCE CORPORATION PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARY AND ASSOCIATE UNDERTAKINGS (CONTINUED)

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Tradeclips Limited	(18,929)	(1,100)
Ingenuity Group Limited	(3,060,090)	(225,671)
DFC Estates Limited	15,177	(1,391)
Wirefast Limited	(1,914,377)	(914,463)
DFC Capital Limited	1	1

As at 31 December 2020, Ingenuity Group Limited, an associate undertaking, had net liabilities of £2,834,419 thus indicating uncertainty regarding the recoverability of the £2,453,711 loan disclosed within this note. In the opinion of the Directors, £100,000 of the loan is recoverable and as such a provision of £2,353,711 has been made against the loan.

14. STOCKS

	2020 £	2019 £
Permanent interest bearing shares and subordinated bonds	2,589,520	2,617,723

15. DEBTORS

	2020 £	2019 £
DUE AFTER MORE THAN ONE YEAR		
Amounts owed by group undertakings	552,781	551,390
Other debtors	95,795	95,795
	<u>648,576</u>	<u>647,185</u>
DUE WITHIN ONE YEAR		
Other debtors	12,321	236,912
Prepayments and accrued income	46,176	46,176
	<u>707,073</u>	<u>930,273</u>

DOLPHIN FINANCE CORPORATION PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. CASH AND CASH EQUIVALENTS

	2020	2019
	£	£
Cash at bank and in hand	<u>1,974,744</u>	<u>1,975,870</u>

17. CREDITORS: Amounts falling due within one year

	2020	2019
	£	£
Other loans	50,000	-
Trade creditors	-	25,200
Other taxation and social security	6,968	7,564
Other creditors	5,302,833	5,590,833
Accruals and deferred income	30,787	36,388
	<u>5,390,588</u>	<u>5,659,985</u>

18. FINANCIAL INSTRUMENTS

	2020	2019
	£	£
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	<u>2,589,520</u>	<u>2,617,723</u>

Financial assets measured at fair value comprise listed investments held in stock.

[The page contains faint, illegible markings and bleed-through from the reverse side.]

19

DOLPHIN FINANCE CORPORATION PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19. DEFERRED TAXATION

	2020 £
At beginning of year	(94,020)
AT END OF YEAR	<u>(94,020)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Tax liability on fair value adjustment	(94,020)	(94,020)

The deferred tax liability has been calculated based on the currently enacted Corporation Tax rate of 19%. However, in the March 2021 Budget, it was announced that the Corporation Tax rate will increase to 25% for larger companies from 1 April 2023. Based on this Corporation Tax rate the deferred tax provision would be £123,711.

20. SHARE CAPITAL

	2020 £	2019 £
Allotted, called up and fully paid		
100 (2019 - 100) Ordinary shares of £1.00 each	100	100
50,000 (2019 - 50,000) Ordinary shares of £0.25 each	12,500	12,500
	<u>12,600</u>	<u>12,600</u>

21. RESERVES

Profit and loss account

The Profit and Loss reserve is made up of the profit for the year less the unrealised gains on the listed securities held in stock at the year end.

Other reserves

Other reserves is made up of gains on the listed securities held in stock, less the resulting deferred tax liability. This is released to the profit and loss reserve on the sale of the securities.

DOLPHIN FINANCE CORPORATION PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

22. RELATED PARTY TRANSACTIONS

During the year rent was payable to a director of £140,000 (2019: £140,000).

The company has borrowed monies interest free from companies under common control amounting to £5,171,622 (2019: £5,171,622).

During the year, management fees of £240,000 (2019: £237,128) were charged to an associated undertaking.

Included in debtors is an amount of £552,781 (2019: £551,390) due from a subsidiary undertaking.

Included within other debtors is an amount of £NIL (2019: £110,808) due from a director.

Included in creditors is £130,976 (2019: £418,976) due to associated undertakings.

At the year end an amount of £9,416 (2019: £9,416) was due from a company under common control.

During the year the company was entitled to charge interest to an associated company of £113,451 (2019: £112,224) at an interest rate of between 1.5% and 5% but as full provision would be made immediately, no transactions have been recorded in these accounts. In total, accrued interest of £718,396 (2019: £604,945) is due but this amount is fully provided against.

During the year the company paid a salary of £33,000 (2019: £33,000) to the wife of a director.

23. Post balance sheet events

Subsequent to the year end, the Company disposed of an investment for £997,608, realising a profit on disposal of £950,780.