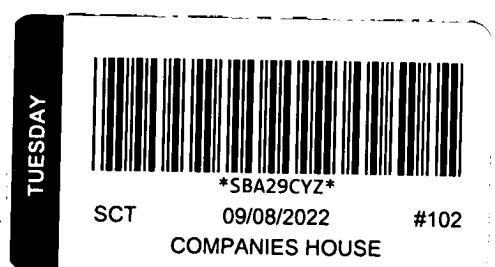


Middlefield International Limited

Registered number: 02585440

Annual Report

For the year ended 31 March 2022



MIDDLEFIELD INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors Colin Scotland
Dino Orrico
Jeremy Brasseur

Company secretary Polly Tse

Registered number 02585440

Registered office 288 Bishopsgate
London
EC2M 4QP

Independent auditor Mazars LLP
Chartered Accountants & Statutory Auditor
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

Bankers HSBC
60 Queen Victoria Street
London
United Kingdom
EC4N 4TR

Bank of Montreal
First Canadian Place
100 King St W
Toronto
Canada
ON M5X 1A3

MIDDLEFIELD INTERNATIONAL LIMITED

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MIDDLEFIELD INTERNATIONAL LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2022

Business review

The primary business of the Company during the year under review was to provide advisory services to Middlefield Canadian Income PCC ("MCI" or the "Fund"), an investment fund domiciled in Jersey, Channel Islands. During the year, the Company derived advisory fee income from MCI based upon Net Asset Value ("NAV") of the Fund. As a result, the primary risk associated with the business relates to fluctuations in NAV. These would occur as a result of depreciation or appreciation of the value of the equity portfolio held by the fund or the issuance or redemption of shares by MCI.

During the year, income increased by 32% with advisory fee income increasing from £105,792 in 2021 to £139,975 in 2022, and management fee income increasing from £54,609 to £72,049.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The Company has in place a risk management programme that seeks to limit the possible adverse effects on the financial performance of the Company by monitoring levels of cash and performing a thorough appraisal of any potential new projects. The Company does not use derivative financial instruments or manage interest rate costs, and as such, no hedge accounting is applied.

Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The Company's finance department implements the policies set by the board of Directors. The department has specific guidelines agreed by the Directors to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Credit risk

The Company limits its exposure to credit risk by largely entering into cash-only transactions.

Price risk

Expenditure made by the Company is authorised prior to it being made by management in order to ensure that goods and services are not obtained at a higher price than is necessary.

Interest rate risk

The Company has interest bearing assets. Interest bearing assets include only cash balances and deposits that earn interest based on prevailing bank rates.

Cash flow risk

On an ongoing basis, the Company retains procedures in place to mitigate liquidity risk. These comprise ensuring that the Company will have sufficient funds available to meet its remaining liabilities by regular review of the cash flow position of the Company by senior management.

MIDDLEFIELD INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

Impact of Brexit

The United Kingdom has decided to withdraw from the European Union, based on the Directors' assessment, it is not expected to have a material impact on the Company.

Impact of COVID-19

In March 2020 the World Health Organization declared coronavirus Covid-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.

It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the company's business due to uncertainty over how this will affect the NAV of the Fund. The Directors are confident however, that any negative impact can be appropriately managed due to the cash reserves in the Company, the cost structure in place and the ongoing support of the ultimate parent Company.

Financial key performance indicators

The Company considers its turnover to be its key performance indicator.

Turnover has increased in the year by 32% from £160,401 in 2021 to £212,025 in 2022.

Directors' statement of compliance with duty to promote the success of the Company

The section 172 statement is required following the Companies (Miscellaneous Reporting) Regulations 2018. The Directors of the Company are fully aware of their duty under section 172 of the Companies Act 2006 to act in the way they consider would be most likely to promote the success of the Company in the interest of all stakeholders and in doing so have regard (amongst other matters) to:

- The likely consequences of any decision in the long term; and
- The desirability of the Company to maintain a reputation for high standards of business conduct; and
- The need to act fairly between stakeholders of the Company.

Long Term Decisions and Actions

The principal activity of the Company is providing advisory services to Middlefield Canadian Income PCC ("MCI" or the "fund"), an investment fund domiciled in Jersey, Channel Islands. Given advisory fee income is derived from MCI based upon the NAV of the fund, any decisions made are considered at a wider group level to assess the consequences of those decisions in the long term.

High Standard of Business Conduct

The Directors are committed to maximising long term value while supporting the operations of the business, observing ethical standards and adhering to all applicable laws.

The need to act fairly between stakeholders of the Company

The Company is a wholly owned subsidiary of MFL Management Limited which is owned by two parties, MFSL Incorporated and MISL Incorporated. The Directors are in regular contact with the wider group through regular financial reporting and communications. Through this the Company ensures that all stakeholders, including Group companies and external suppliers are treated fairly and equitably.

MIDDLEFIELD INTERNATIONAL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

The Directors consider the state of the Company's affairs to be satisfactory and believe that good opportunities exist within the industry due to improving market conditions

This report was approved by the board and signed on its behalf.

Jeremy Brasseur
Jeremy Brasseur (Jul 28, 2022 10:29 EDT)

Jeremy Brasseur
Director

Date: Jul 28, 2022

MIDDLEFIELD INTERNATIONAL LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

The Directors present their report and the financial statements for the year ended 31 March 2022.

Principal activity

The principal activity of the Company continued to be that of providing investment management and advisory services to other Middlefield Group Companies. The Company is regulated by the Financial Conduct Authority.

Results

The profit for the year, after taxation, amounted to £56,099 (2021 - £12,808).

The Directors expect the general level of activity of the Company to continue.

Directors

The Directors who served during the year were:

Colin Scotland
Dino Orrico
Jeremy Brasseur (appointed 19 April 2021)

Future developments

The Directors consider the state of the Company's affairs to be satisfactory and believe that good opportunities exist within the industry due to improving market conditions.

Matters covered in the Strategic Report

As permitted by paragraph 1A of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on page 1. These matters relate to the business review, principal risks and uncertainties and financial key performance indicators.

Provision of information to auditor

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 auditor is 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 auditor is aware of that information.

MIDDLEFIELD INTERNATIONAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

Impact of Ukraine Conflict

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non adjusting post balance sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy. The Directors have taken account of these potential impacts in their going concern assessment.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Jeremy Brasseur

Jeremy Brasseur (Jul 28, 2022 10:29 EDT)

Jeremy Brasseur
Director

Date: Jul 28, 2022

MIDDLEFIELD INTERNATIONAL LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

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 judgements 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.

MIDDLEFIELD INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDDLEFIELD INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Middlefield International Limited (the 'Company') for the year ended 31 March 2022 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, 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 United Kingdom Accounting Standards, including FRS 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 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. 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.

MIDDLEFIELD INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDDLEFIELD INTERNATIONAL LIMITED

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 intend either 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.

MIDDLEFIELD INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDDLEFIELD INTERNATIONAL LIMITED

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

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.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: FCA handbook, anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to, revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

MIDDLEFIELD INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDDLEFIELD INTERNATIONAL LIMITED

Use of the audit 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 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.


Craig Maxwell (Jul 28, 2022 15:47 GMT+1)

Craig Maxwell (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

Date: Jul 28, 2022

MIDDLEFIELD INTERNATIONAL LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2022**

| | Note | 2022 £ | 2021 £ |
|---|------|---------------|---------------|
| Turnover | 4 | 212,025 | 160,401 |
| Gross profit | | 212,025 | 160,401 |
| Administrative expenses | | (142,798) | (146,077) |
| Operating profit | 5 | 69,227 | 14,324 |
| Interest receivable and similar income | | 28 | 1,484 |
| Profit before tax | | 69,255 | 15,808 |
| Tax on profit | 7 | (13,156) | (3,000) |
| Profit after tax | | 56,099 | 12,808 |
| | | <u>56,099</u> | <u>12,808</u> |
| Retained earnings at the beginning of the year | | 19,672 | 6,864 |
| Profit for the year | | 56,099 | 12,808 |
| Retained earnings at the end of the year | | 75,771 | 19,672 |
| | | <u>75,771</u> | <u>19,672</u> |

There were no recognised gains and losses for 2022 or 2021 other than those included in the Statement of Income and Retained Earnings.

The notes on pages 15 to 24 form part of these financial statements.

MIDDLEFIELD INTERNATIONAL LIMITED
REGISTERED NUMBER: 02585440

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

| | Note | 2022 £ | 2021 £ |
|---|------|-----------------------|-----------------------|
| Current assets | | | |
| Debtors: amounts falling due within one year | 8 | 65,764 | 51,673 |
| Cash and cash equivalents | 9 | 532,043 | 488,454 |
| | | <u>597,807</u> | <u>540,127</u> |
| Creditors: amounts falling due within one year | 10 | (22,036) | (20,455) |
| Net current assets | | <u>575,771</u> | <u>519,672</u> |
| Total assets less current liabilities | | <u>575,771</u> | <u>519,672</u> |
| Creditors: amounts falling due after more than one year | 11 | (250,000) | (250,000) |
| Net assets | | <u><u>325,771</u></u> | <u><u>269,672</u></u> |
| Capital and reserves | | | |
| Called up share capital | 13 | 250,000 | 250,000 |
| Profit and loss account | 14 | 75,771 | 19,672 |
| | | <u><u>325,771</u></u> | <u><u>269,672</u></u> |

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

Jeremy Brasseur
 Jeremy Brasseur (Jul 28, 2022 10:29 EDT)

Jeremy Brasseur
 Director

Date: Jul 28, 2022

The notes on pages 15 to 24 form part of these financial statements.

MIDDLEFIELD INTERNATIONAL LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022**

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 56,099 | 12,808 |
| Adjustments for: | | |
| Interest received | (28) | (1,484) |
| Taxation charge | 13,156 | 3,000 |
| Increase in debtors | (14,091) | (1,169) |
| (Decrease)/increase in creditors | (8,575) | 8,806 |
| Corporation tax paid | (3,000) | (4,450) |
| Net cash generated from operating activities | 43,561 | 17,511 |
| Cash flows from investing activities | | |
| Interest received | 28 | 1,484 |
| Net cash from investing activities | 28 | 1,484 |
| Net increase in cash and cash equivalents | 43,589 | 18,995 |
| Cash and cash equivalents at beginning of year | 488,454 | 469,459 |
| Cash and cash equivalents at the end of year | 532,043 | 488,454 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 532,043 | 488,454 |
| | 532,043 | 488,454 |

The notes on pages 15 to 24 form part of these financial statements.

MIDDLEFIELD INTERNATIONAL LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 MARCH 2022**

| | At 1 April 2021 £ | Cash flows £ | At 31 March 2022 £ |
|--------------------------|-------------------------|-----------------|--------------------------|
| Cash at bank and in hand | 488,454 | 43,589 | 532,043 |
| Debt due after 1 year | (250,000) | - | (250,000) |
| | <u>238,454</u> | <u>43,589</u> | <u>282,043</u> |

The notes on pages 15 to 24 form part of these financial statements.

MIDDLEFIELD INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. General information

Middlefield International Limited is a private company limited by shares incorporated in England and Wales. The address of its registered office and principal place of business is 288 Bishopsgate, London, EC2M 4QP. The Company number is 02585440.

The principal activity of the Company continued to be that of providing investment management and advisory services to other Middlefield Group Companies. The Company is regulated by the Financial Conduct Authority.

The financial statements have been presented in Pounds Sterling as this is the currency of the primary economic environment in which the Company operates and rounded to the nearest pound.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements are prepared on a going concern basis. The Company remains assured of the financial support provided by the ultimate parent company. The Directors have received confirmation that the ultimate parent company will continue to support the Company and provide it with adequate funds when necessary to enable it to meet its debts as they fall due in the foreseeable future. On this basis, the Directors consider it appropriate to prepare the financial statements on a going concern basis.

MIDDLEFIELD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)**2.3 Foreign currency translation****Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Income and Retained Earnings except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'administrative expenses'.

2.4 Turnover

Turnover is generated from management and advisory services to investment funds through management fees. Management and Advisory fees are based on the net asset value of the fund and are recognised on an accruals basis.

2.5 Interest receivable and similar income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.6 Taxation

Tax is recognised in the Statement of Income and Retained Earnings 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 reporting 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 reporting 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 reporting date.

2.7 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.

2.8 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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.

The Company includes term deposits of less than one year as liquid resources.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to 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 debtors and creditors, 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 Statement of Income and Retained Earnings.

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 of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

MIDDLEFIELD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

3. Judgements in applying accounting policies and key sources of estimation uncertainty**Critical judgements in applying the company's accounting policies**

The critical judgements that the Directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of debtors

The Company establishes a provision for debtors that are estimated not to be recoverable. When assessing recoverability, the Directors consider factors such as the aging of debtors, past experience of recoverability, and the credit profile of individual or groups of customers.

4. Turnover

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

| | 2022 £ | 2021 £ |
|----------------------|-----------|-----------|
| Exchange differences | (19,821) | 108 |

6. Auditor's remuneration

| | 2022 £ | 2021 £ |
|--|-----------|-----------|
| Fees payable to the Company's auditor for the audit of the Company's annual accounts | 5,450 | 5,300 |
| Fees payable to the Company's auditor in respect of: | | |
| Other services pursuant to legislation | 850 | 800 |
| All other services | 1,350 | 1,300 |

MIDDLEFIELD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

7. Taxation

| | 2022 £ | 2021 £ |
|--|------------------|------------------|
| Corporation tax | | |
| Current tax on profits for the year | 13,156 | 3,000 |
| Taxation on profit on ordinary activities | <u>13,156</u> | <u>3,000</u> |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

| | 2022 £ | 2021 £ |
|--|------------------|------------------|
| Profit on ordinary activities before tax | <u>69,255</u> | <u>15,808</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%) | 13,158 | 3,004 |
| Effects of: | | |
| Timing differences on capital items expensed | <u>(2)</u> | <u>(4)</u> |
| Total tax charge for the year | <u>13,156</u> | <u>3,000</u> |

MIDDLEFIELD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

7. Taxation (continued)**Factors that may affect future tax charges**

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

8. Debtors

| | 2022 | 2021 |
|---------------|---------------|---------------|
| | £ | £ |
| Trade debtors | 62,911 | 48,131 |
| Other debtors | 2,853 | 3,542 |
| | <u>65,764</u> | <u>51,673</u> |

9. Cash and cash equivalents

| | 2022 | 2021 |
|--------------------------|----------------|----------------|
| | £ | £ |
| Cash at bank and in hand | 532,043 | 488,454 |
| | <u>532,043</u> | <u>488,454</u> |

10. Creditors: Amounts falling due within one year

| | 2022 | 2021 |
|------------------------------|---------------|---------------|
| | £ | £ |
| Corporation tax | 13,156 | 3,000 |
| Accruals and deferred income | 8,880 | 17,455 |
| | <u>22,036</u> | <u>20,455</u> |

MIDDLEFIELD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

11. Creditors: Amounts falling due after more than one year

| | 2022 £ | 2021 £ |
|---|------------------|------------------|
| Share capital treated as debt (Note 13) | 250,000 | 250,000 |
| | <u>250,000</u> | <u>250,000</u> |

Disclosure of the terms and conditions attached to the non-equity shares is made in note 13.

12. Financial instruments

| | 2022 £ | 2021 £ |
|---|------------------|------------------|
| Financial assets | | |
| Financial assets measured at fair value through profit or loss | 532,043 | 488,454 |
| Financial assets that are debt instruments measured at amortised cost | 65,764 | 51,673 |
| | <u>597,807</u> | <u>540,127</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | (258,880) | (267,455) |
| | <u>(258,880)</u> | <u>(267,455)</u> |

Financial assets measured at fair value through profit or loss comprise of cash and cash equivalents.

Financial assets measured at amortised cost comprise of trade and other debtors.

Financial liabilities measured at amortised cost comprise of accruals and share capital treated as debt.

MIDDLEFIELD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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13. Share capital

| | 2022 £ | 2021 £ |
|--|-----------|-----------|
| Shares classified as capital | | |
| Authorised, allotted, called up and fully paid | | |
| 250,000 (2021 - 250,000) ordinary shares of £1.00 each | 250,000 | 250,000 |

Each ordinary share carries voting rights, but no right to fixed income.

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Shares classified as debt | | |
| Authorised, allotted, called up and fully paid | | |
| 250,000 (2021 - 250,000) 1% redeemable non-cumulative preference shares of £1.00 each | 250,000 | 250,000 |

Non-equity shareholders' funds relate entirely to the 1% redeemable non-cumulative preference shares. These preference shares carry a non-cumulative entitlement to a dividend at the rate of 1p per share per annum and may be redeemed at par at the option of the company, with not less than two clear months notice.

Holders of the redeemable non-cumulative preference shares have no entitlement to vote other than on resolutions affecting the rights attached to the preference shares.

Holders of the redeemable non-cumulative preference shares have the right on a winding-up to receive, in priority to any other classes of shares, the sum of £1 per share together with any arrears of dividends.

The Company shall have the right at any time to redeem all the non-cumulative preference shares being outstanding for an amount equal to the amount of capital paid up.

14. Reserves**Profit & loss account**

This reserve represents the cumulative profits and losses.

15. Financial commitments

The Company has a financial commitment in respect of a licence agreement for premises whereby £6,900 (2021: £6,585) is payable within one year.

MIDDLEFIELD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

16. Related party transactions

During the year, the Company received management and accounting services from MFL Management Limited for which it was charged £82,122 (2021: £77,994). MFL Management Limited is a related party by virtue of it being the immediate parent company of Middlefield International Limited.

As at 31 March 2022, there was £56,011 (2021: £43,639) due from Middlefield Canadian Income Trust in relation to advisory and management fees.

During the year, the Company incurred Director's fees of £5,000 (2021: £5,000) payable to Scotland Associates Limited, a company of which C Scotland is a director.

17. Controlling party

The Company's immediate parent undertaking is MFL Management Limited which is owned by two parties, MFSL Incorporated and MISL Incorporated. These companies are incorporated in Canada.

The ultimate parent company is considered to be MFSL Incorporated, of which the Brasseur Family Trust is the controlling party. The ultimate controlling party is therefore considered to be the Brasseur Family Trust of which J T Brasseur, a Director of the company, is a trustee.

The smallest and largest group in which the results of the Company are consolidated is that headed by MFL Management Limited. The consolidated accounts of the group are not available to the public.