

STRAND HANSON LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

STRAND HANSON LIMITED

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STRAND HANSON LIMITED

Company Information

Directors	Rory Murphy James Harris Simon Wharmby Stuart Faulkner Simon Raggett Lord Anthony St. John
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Registered office	26 Mount Row London W1K 3SQ
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Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT
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STRAND HANSON LIMITED

Strategic Report for the Year Ended 31 December 2019

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

Principal activity

The principal activity of the company is the provision of corporate finance and related advisory services.

Fair review of the business

Despite challenging market conditions continuing throughout 2019, with ongoing uncertainty surrounding Brexit and the wider political landscape in the UK, culminating in the General Election in December 2019, affecting both primary and secondary markets, together with the M&A sector, we are pleased that during the course of the year we were successful in advising many of our retained clients on a number of ECM, DCM and M&A transactions. This activity from our client base was instrumental in enabling us to achieve a significantly improved financial performance compared to the prior year. We were also able both to add to our retained client base, and to diversify across a wider range of sectors.

The politico-economic backdrop continued to affect primary markets, with the AIM Market of the London Stock Exchange seeing a further decline in new admissions from the prior year, as, once again, a number of AIM IPOs were put on hold and others experienced delays due to lack of investor appetite. In addition, funds raised on the AIM market also experienced a marked decline during the year. Despite there being greater uncertainty around larger transactions and IPOs, the additional corporate activity from our clients enabled us to maintain a solid level of advisory fee income throughout the year.

Whilst general macroeconomic conditions also created a challenging environment for M&A, the other significant service line for the Group, we found activity to be strong throughout the year and were successful in completing a number of transactions during the year for a variety of clients, encompassing public companies (as adviser to both bidders and targets), activist shareholders, entrepreneurial private companies and private equity, together with Code advisory work on various non-transactional matters. We have seen activity continue strongly into 2020, with a solid pipeline of business and future prospects. Since year-end we have successfully concluded several public offers and are continuing to see further M&A and restructuring opportunities arise. There is an element of counter-cyclicality between ECM and M&A transaction patterns which has historically been evident, and the current environment has served to confirm this trend, one which we expect to see continue into 2021.

In the year ended 31 December 2019, the Group recorded a pre-tax profit of £1.0 million (2018: loss £0.8 million) on turnover of £5.6 million, a 23 per cent. increase on 2018.

We continue to focus primarily on the AIM market, advising clients on a range of transactions, including reverse takeovers, listings and secondary fundraisings across diverse sectors and geographies but with a continued focus on emerging markets, which remains a key area of expertise for the Group.

We are pleased to have maintained our position as the top ranked adviser on AIM to Natural Resources and African focussed companies, and also to have expanded our sector focus, in particular into technology and pharma/healthcare where we have been increasingly active. We secured a number of client wins during the period, and as at year end, we acted as retained adviser to 51 companies on AIM.

Visibility as to future revenues arising from corporate transactions is always challenging in our type of business, particularly in the current uncertain environment where overall macroeconomic conditions continue to be weak and post year-end has clearly been impacted by the global COVID-19 pandemic. However, we are confident, based on the activity that we have seen in the year to date, together with the level of enquiries that we continue to receive and the marketing initiatives that are being pursued, as to our future trading and prospects and our ability to successfully trade through these uncertain times.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2019	2018
Turnover from advisory services	£	5,562,076	4,508,208
Operating profit from advisory services	£	998,670	(691,974)
Cash at year end	£	896,792	408,533
Trade Debtors at year end	£	675,680	663,190
Retained clients at year end	No.	51	47

STRAND HANSON LIMITED

Strategic Report for the Year Ended 31 December 2019

Post balance sheet events: Coronavirus pandemic

2020 has been punctuated by the COVID-19 pandemic, an unprecedented event which resulted in the UK being placed under national lockdown in March 2020.

In line with national guidelines we moved all staff to remote working where possible, putting in place appropriate measures covering our ongoing working practices to ensure complete business continuity, whilst safeguarding our employees and clients. Despite the uncertainties that the market as a whole is currently facing, the infrastructure that we have in place has enabled us to continue to support our clients, with minimal disruption, throughout these challenging times.

The macroeconomic environment in the UK this year has clearly been impacted by the Coronavirus pandemic. However, as noted previously, recent years have also been similarly affected by general market uncertainty, arising from, amongst other things, Brexit delays and the political instability in the UK, and these arguably had, and continue to have, an even greater potential impact on trading for the Company. Despite the factors currently affecting markets, the Company is pleased to have seen greater activity in the primary market than in previous years, alongside strong M&A activity throughout the year generating a solid pipeline of business and future prospects. Furthermore, the company's client base, being weighted towards the natural resource sector, is arguably less affected by the impact of COVID-19, than typical trading businesses have been.

The company has not made use of any of the government's Coronavirus support measures, nor have any staff been placed on furlough.

Accordingly the directors do not believe that the Coronavirus pandemic has significantly impacted the business.

Section 172 statement

The Directors of the Company are required to promote the success of the Company for the benefit of the Members / Shareholders as a whole. Section 172(1) of the Companies Act 2006) expands this duty and requires the Directors to consider a broader range of interested parties when considering the promotion of the Company. This wider group of stakeholders will include employees, customers, regulators and others, and the Board will look to understand and take into account the needs of each stakeholder, although recognising that different stakeholders may have conflicting priorities and not all decisions made will be to the benefit of all stakeholder groups. When making decisions the Board should consider the following:

- the likely consequences of any decisions in the long-term;
- the interests of the Company's employees (if applicable);
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the Company.

At every Board meeting the Directors review the performance of the Company against its strategy. The financial performance is reviewed and measured against the Key Performance Indicators as set by the Board. The compliance with existing legal and regulatory requirements are reviewed, together with any new regulations that are to be introduced or are being proposed. Any new regulations are discussed and their potential impact on the Company and its stakeholders assessed. The Board recognises the importance of, and is committed to, understanding the views of Shareholders and maintaining communication with its Shareholders in the most appropriate manner.

The Directors have identified the following groups as key stakeholders and relevant according to Section 172 Companies Act 2006:

Employees

Employees are key for the performance and development of the business. Employees are engaged and communicated with regularly on the performance, health and safety, and cultural and environmental effects of the business. Engagement is maintained with employees to ensure a strong diverse and talented workforce.

Post year end, with the emergence of the COVID-19 pandemic, we have adapted our working practices to ensure complete business continuity, whilst safeguarding our employees and clients.

STRAND HANSON LIMITED

Strategic Report for the Year Ended 31 December 2019

Section 172 statement (continued)

Regulators

The Company operates in an environment that is governed by legal and regulatory requirements, which prescribe what the Company can undertake and how it can operate. The two primary regulators for the Company are the Financial Conduct Authority and the London Stock Exchange. The Board recognises that the restrictions put in place by its regulators are there to protect stakeholders. The Board's view is to adopt the sentiment and ethos of the rules and regulations.

The Company seeks to ensure an open and transparent dialogue with its regulators and is mindful of its responsibilities in maintaining the integrity of the markets in which it operates. The Board continues to monitor market practice and regulatory developments, and ensures that employees undertake ongoing training on such developments, in order that we are able to guide our clients appropriately as the market evolves.

Environment and Community

Due to the nature of its activities the Company has little direct impact on the community or the environment. However, as a global financial advisory company it acts for companies operating across a range of sectors and geographies. As such, Strand Hanson recognises the need to act in a way that is sustainable and responsible, striving wherever possible to make a real difference to the numerous stakeholders and communities with which it interacts.

It is important that the company recognises the areas in which it can have the greatest impact as a financial advisory company, and it approaches sustainability through three interconnected pillars:

Clients and investments - Strand Hanson considers the sustainability profile of potential clients and investments from a social and environmental as well as a financial perspective and actively encourage clients and partners to adopt corporate and environmental programmes in line with its own.

Communities - Strand Hanson provides financial and non-financial support to its communities in various ways, including donations, sponsorships and employee volunteering.

Planet - the company strives to minimise its environmental impact, encouraging schemes to improve energy efficiency and minimise waste.

Strand Hanson has selected the Atlantis Dream Team as an official corporate social investment (CSI) initiative. The Atlantis Dream Team is a registered non-profit organisation based in the Atlantis community in Cape Town, South Africa. The initiative is focused on empowering and uplifting a disadvantaged community through developing sustainable job creation programmes, basic health care, nutrition, education and training, and the promotion of human rights.

The Directors believe that they have effectively implemented their duties under section 172 of the Companies Act 2006. The Company has considered the long-term strategy of the business and consider that this strategy will continue to deliver long term success to the business and its stakeholders.

Strategy and Key Performance Indicators

The Company's principal activity is set out in the Strategic Report.

Strand Hanson is a management owned, independent, advisory led, merchant bank, providing financial and strategic advice to public and private companies, private equity and activist investors. Strand Hanson's operations are supported by a global network of advisers and consultants in Africa, South East Asia, South America and the Middle East, providing clients with local contacts who both understand their regional markets and have global capital market expertise.

Strand Hanson offers a full range of corporate finance services, including advising on flotations, fundraisings (both debt and equity), shareholder activism, restructuring and M&A. The company continue to focus primarily on the AIM market, with Strand Hanson advising clients on a range of transactions, including reverse takeovers, listings and secondary fundraisings across diverse sectors and geographies but with a continued focus on emerging markets, which remains a key area of expertise for the Group.

STRAND HANSON LIMITED

Strategic Report for the Year Ended 31 December 2019

Strategy and Key Performance Indicators (continued)

The Company generates revenues from:

- a) Retainer fees;
- b) Advisory fees arising from corporate transactions undertaken by its clients; and
- c) Proceeds from the sales of investments held as principal.

The majority of revenues are generated in the UK, although a number of the Company's clients are based overseas.

The Company's longer-term strategy is to focus on attracting and retaining higher calibre, more active and higher growth client companies, together with enhancing its strategic partnerships to enable the Company to broaden our global reach and contacts, and provide access to a large number of opportunities, particularly in emerging markets, including Africa, the Middle East, South America and Asia.

The Company believes that the key drivers for the success of the business are its Key Performance Indicators, which are set out in the Strategic Report.

Financial instruments

Objectives and policies

The group does not use financial instruments to manage its risks.

Price risk, credit risk, liquidity risk and cash flow risk

Liquidity risk - The Company's principal liquidity risk is to ensure that it has sufficient liquid assets to meet the regulatory capital requirements of its authorisation with the Financial Conduct Authority. This is closely monitored on a monthly basis and unencumbered cash resources are retained in order to meet this requirement. The time to pay arrangement with HMRC is forecast to extinguish surplus cash resources. As such liquidity risk is heightened in 2020 and beyond.

Interest rate risk - The Company has net cash resources and is therefore not at risk from increases in interest rates. Surplus funds are placed in short term fixed rate deposits, which are reviewed at least monthly.

Credit risk - The Company's cash resources are held with one of the major UK clearing banks. The Company's debtors relate primarily to amounts outstanding in respect of fees billed to clients; non-payments are promptly pursued.

Price risk - The Company has no significant exposure to price risk, other than in respect to changes in the market value of its investments held for trading.

Approved by the Board on 23 December 2020 and signed on its behalf by:

.....
Simon Raggett
Director

STRAND HANSON LIMITED

Directors' Report for the Year Ended 31 December 2019

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

Directors of the company

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

Rory Murphy

James Harris

Simon Wharmby

Stuart Faulkner

Simon Raggett

Lord Anthony St. John

Going concern

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' the directors of all companies are required to provide disclosure regarding the adoption of the going concern basis of accounting.

Whilst the overall macroeconomic environment nationally and globally has clearly been impacted by the Coronavirus pandemic, as detailed in the Strategic Report the directors do not believe that Coronavirus pandemic has significantly impacted the business.

In considering the going concern status of the company, the directors have reviewed mandated recurring and transactional advisory revenue, committed expenditure liquidity forecasts and available liquid resources as at the date of approving the financial statements. The directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Matters covered in the strategic report

Information on financial risk management is shown within the Strategic Report.

Disclosure of information to the auditors

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

In accordance with the Company's articles, a resolution proposing that Hazlewoods LLP be reappointed as auditors of the company will be put to members at a General Meeting.

Approved by the Board on 23 December 2020 and signed on its behalf by:

.....
Simon Raggett
Director

STRAND HANSON LIMITED

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

STRAND HANSON LIMITED

Independent Auditor's Report to the Members of Strand Hanson Limited

Opinion

We have audited the financial statements of Strand Hanson Limited (the 'company') for the year ended 31 December 2019, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

STRAND HANSON LIMITED

Independent Auditor's Report to the Members of Strand Hanson Limited

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the 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.

.....
David Main (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House

Bayshill Road

Cheltenham

GL50 3AT

23 December 2020

STRAND HANSON LIMITED**Profit and Loss Account for the Year Ended 31 December 2019**

	Note	2019 £	2018 (As restated) £
Turnover	<u>3</u>	5,562,076	4,508,208
Cost of sales		<u>(425,771)</u>	<u>(521,090)</u>
Gross profit		5,136,305	3,987,118
Administrative expenses		(4,255,702)	(4,679,092)
Other operating income	<u>4</u>	<u>223,424</u>	<u>(153,244)</u>
Operating profit/(loss)	<u>5</u>	1,104,027	(845,218)
Dividends received		552	552
Other interest receivable and similar income		13,320	37,537
Interest payable and similar charges	<u>7</u>	<u>(106,433)</u>	<u>(2,033)</u>
Profit/(loss) before tax		<u>1,011,466</u>	<u>(809,162)</u>
Profit/(loss) for the financial year		<u><u>1,011,466</u></u>	<u><u>(809,162)</u></u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

The notes on pages 14 to 25 form an integral part of these financial statements.

STRAND HANSON LIMITED**(Registration number: 02780169)****Balance Sheet as at 31 December 2019**

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	<u>11</u>	7,651	25,396
Investments	<u>12</u>	111	111
		<u>7,762</u>	<u>25,507</u>
Current assets			
Debtors	<u>13</u>	2,342,056	2,577,687
Investments	<u>14</u>	1,437,272	1,236,998
Cash at bank and in hand		<u>896,792</u>	<u>408,533</u>
		4,676,120	4,223,218
Creditors: Amounts falling due within one year	<u>15</u>	<u>(1,417,037)</u>	<u>(1,518,907)</u>
Net current assets		<u>3,259,083</u>	<u>2,704,311</u>
Total assets less current liabilities		3,266,845	2,729,818
Creditors: Amounts falling due after more than one year	<u>15</u>	<u>(380,422)</u>	<u>(854,861)</u>
Net assets		<u>2,886,423</u>	<u>1,874,957</u>
Capital and reserves			
Called up share capital	<u>18</u>	650,179	650,179
Share premium reserve	<u>19</u>	1,051,914	1,051,914
Capital redemption reserve	<u>19</u>	997,588	997,588
Other reserves	<u>19</u>	(798,515)	(798,515)
Profit and loss account	<u>19</u>	<u>985,257</u>	<u>(26,209)</u>
Total equity		<u>2,886,423</u>	<u>1,874,957</u>

Approved and authorised by the Board on 23 December 2020 and signed on its behalf by:

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Simon Raggett
DirectorThe notes on pages 14 to 25 form an integral part of these financial statements.

STRAND HANSON LIMITED**Statement of Changes in Equity for the Year Ended 31 December 2019**

	Share capital £	Share premium £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total £
At 1 January 2018	650,179	1,051,914	997,588	(798,515)	782,953	2,684,119
Loss for the year	-	-	-	-	(809,162)	(809,162)
At 31 December 2018	650,179	1,051,914	997,588	(798,515)	(26,209)	1,874,957

	Share capital £	Share premium £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total £
At 1 January 2019	650,179	1,051,914	997,588	(798,515)	(26,209)	1,874,957
Profit for the year	-	-	-	-	1,011,466	1,011,466
At 31 December 2019	650,179	1,051,914	997,588	(798,515)	985,257	2,886,423

The notes on pages 14 to 25 form an integral part of these financial statements.

STRAND HANSON LIMITED
Statement of Cash Flows for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit/(loss) for the year		1,011,466	(809,162)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	<u>5</u>	17,745	12,559
Gains / (losses) on investments		(223,424)	153,244
Finance income		(13,872)	(38,089)
Finance costs	<u>7</u>	106,433	2,033
		898,348	(679,415)
Working capital adjustments			
Decrease in trade debtors	<u>13</u>	171,943	1,178,762
Decrease in trade creditors	<u>15</u>	(522,240)	(1,038,640)
Acquisition of investments		(99,679)	(430,977)
Proceeds from sale of investments		216,829	294,720
Cash generated from operations		665,201	(675,550)
Income taxes (paid)/received	<u>10</u>	(150,984)	60,091
Net cash flow from operating activities		514,217	(615,459)
Cash flows from investing activities			
Interest received		13,320	37,537
Acquisitions of tangible assets		-	(35,491)
Dividend income		552	552
Net cash flows from investing activities		13,872	2,598
Cash flows from financing activities			
Interest paid	<u>7</u>	(15,320)	(2,033)
Related party loan movements		(24,510)	(201,158)
Net cash flows from financing activities		(39,830)	(203,191)
Net increase/(decrease) in cash and cash equivalents		488,259	(816,052)
Cash and cash equivalents at 1 January		408,533	1,224,585
Cash and cash equivalents at 31 December		896,792	408,533

The notes on pages 14 to 25 form an integral part of these financial statements.

STRAND HANSON LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
26 Mount Row
London
W1K 3SQ

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Going concern

Whilst the macroeconomic environment nationally and globally has clearly been impacted by the Coronavirus pandemic, as noted previously, recent years have also been similarly affected by general market uncertainty, arising from, amongst other things Brexit delays and the political instability in the UK. Despite there being greater uncertainty around the larger corporate transactions and IPOs, additional corporate activity from the company's client base along with relatively strong M&A activity throughout the year has enabled it to maintain a solid level of advisory fee income throughout the year. Furthermore, the company's client base, being weighted towards the natural resource sector, is arguably less affected by the impact of COVID-19, than typical trading businesses have been.

In light of this and the company's trading throughout the post year end period to date, the directors do not believe that Coronavirus pandemic has significantly impacted the business.

In considering the going concern status of the company, the directors have reviewed mandated recurring and transactional advisory revenue, committed expenditure, liquidity forecasts and available liquid resources as at the date of approving the financial statements. The directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Exemption from preparing group accounts

The company is exempt from the requirement to prepare group accounts under section 405 of the Companies Act 2006 since its subsidiary undertakings can be excluded from consolidation by virtue of being dormant and immaterial to the group.

STRAND HANSON LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2019

Prior period errors

The income statement has been restated to show gains and losses on investments separately from turnover and cost of sales for comparability with the current year. This has had no impact on the results nor capital and reserves of the prior period.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Warrants

The directors have made key assumptions regarding the valuations of warrants to acquire shares in a number of companies whose shares are traded on the AIM of the London Stock Exchange. The directors have carried out a detailed review of warrant instruments held, applying the Black-Scholes valuation methodology. For warrants where the underlying company has published announcements outlining positive progress in the natural resource exploration giving greater certainty over future economic in flow of benefits a value is recognised in the financial statements. For the warrant instruments with no such public announcement and in view of the fact that the warrants relate to investments in small AIM listed companies, a number of which were pre-revenue as at the balance sheet date and in the field of natural resource exploration, the directors have taken the view that the fair value of the warrants at the balance sheet date is not material to the financial statements and therefore no value has been attributed.

Unquoted Investments

The directors have also made key assumptions regarding the valuations of unquoted investments. The directors have considered the fair value of each unquoted investment and consider them to be materially fairly stated either at original cost or after making full provisions for impairment. The valuation of the unquoted investments at the reporting date is shown in note 13.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities and from the sale of trade investments. Turnover is shown net of Value Added Tax.

The company recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the company's activities.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

STRAND HANSON LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2019

Tax

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

The current 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 taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings leasehold	4 3/4 years on cost
Fixtures, fittings and equipment	2 to 4 years on cost
Computer equipment	2 years on cost

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at cost, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All debtors are repayable within one year and are hence included at the undiscounted amount of the cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

STRAND HANSON LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2019

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Rental income from operating leases is recognised on a straight line basis over the term of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

STRAND HANSON LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2019

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non-financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2019 £	2018 (As restated) £
Rendering of services	5,562,076	4,508,208

The analysis of the company's turnover by geographic region for the year is as follows:

	2019 £	2018 (As restated) £
UK	3,663,329	2,245,643
Europe	355,991	859,285
Africa	391,375	190,532
Rest of World	1,151,381	1,212,748
	5,562,076	4,508,208

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2019 £	2018 (As restated) £
Realised (losses) / gains on investments	(135,004)	170,120
Fair value movements on investments and warrants	358,428	(323,364)
	223,424	(153,244)

STRAND HANSON LIMITED**Notes to the Financial Statements for the Year Ended 31 December 2019****5 Operating profit**

Arrived at after charging/(crediting):

	2019	2018
	£	£
Depreciation expense	17,745	12,559
Foreign exchange gains	(1,500)	(1,015)
Operating lease expense - property	310,478	312,697
Operating lease expense - plant and machinery	4,738	15,046
	<u>4,738</u>	<u>15,046</u>

6 Auditors' remuneration

	2019	2018
	£	£
Audit of the financial statements	14,350	14,000
All other non-audit services	26,060	28,744
	<u>40,410</u>	<u>42,744</u>

7 Interest payable and similar expenses

	2019	2018
	£	£
Interest expense on other finance liabilities	106,433	2,033
	<u>106,433</u>	<u>2,033</u>

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019	2018
	£	£
Wages and salaries	2,289,080	2,545,023
Social security costs	274,738	308,335
Pension costs, defined contribution scheme	152,302	170,270
	<u>2,716,120</u>	<u>3,023,628</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019	2018
	No.	No.
Fee earning staff	17	16
Administration and support	4	5
	<u>21</u>	<u>21</u>

STRAND HANSON LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2019

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	1,300,716	1,131,979
Contributions paid to money purchase schemes	52,498	65,625
	<u>1,353,214</u>	<u>1,197,604</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019 No.	2018 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>3</u>

In respect of the highest paid director:

	2019 £	2018 £
Remuneration	<u>407,520</u>	<u>408,144</u>

Key management compensation

	2019 £	2018 £
Salaries and other short term employee benefits	1,595,177	1,606,488
Other long-term benefits	91,385	110,396
	<u>1,686,562</u>	<u>1,716,884</u>

10 Taxation

Tax charged in the profit and loss account

	2019 £	2018 £
Tax expense/(receipt) in the income statement	<u>-</u>	<u>-</u>

STRAND HANSON LIMITED**Notes to the Financial Statements for the Year Ended 31 December 2019****10 Taxation (continued)**

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Profit/(loss) before tax	1,011,466	(809,162)
Corporation tax at standard rate	192,179	(153,741)
Effect of expense not deductible in determining taxable profit (tax loss)	8,119	7,642
Effect of tax losses utilised	(194,914)	-
Tax increase/(decrease) from effect of capital allowances and depreciation	2,892	(4,790)
Release of deferred tax asset	(8,064)	4,673
Tax increase from effect of unrelieved tax losses carried forward	-	153,453
Other tax effects for reconciliation between accounting profit and tax expense (income)	(212)	(7,237)
Total tax charge/(credit)	-	-

Deferred tax

No deferred tax asset is recognised due to the uncertainty surrounding future profits of the Company.

There are £471,000 of unused tax losses (2018 - £1,435,000) for which no deferred tax asset is recognised in the Balance Sheet.

11 Tangible assets

	Leasehold land and buildings £	Furniture, fittings and equipment £	Computer equipment £	Total £
Cost				
At 1 January 2019	37,211	408,148	195,923	641,282
At 31 December 2019	37,211	408,148	195,923	641,282
Depreciation				
At 1 January 2019	37,211	408,148	170,527	615,886
Charge for the year	-	-	17,745	17,745
At 31 December 2019	37,211	408,148	188,272	633,631
Carrying amount				
At 31 December 2019	-	-	7,651	7,651
At 31 December 2018	-	-	25,396	25,396

STRAND HANSON LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2019

12 Investments in subsidiaries

Subsidiaries	£
Cost and carrying amount	
At 1 January 2019 and 31 December 2019	<u>111</u>

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
Strand Hanson Securities Limited	England and Wales	Ordinary	100%	100%
Strand Hanson (Pty) Limited		Ordinary	100%	100%
	South Africa			

The registered offices of the subsidiaries are as follows:

Strand Hanson Securities Limited: the same as the Company

Strand Hanson (Pty) Limited: 2nd Floor, Madison Place, Alphen Office Park, Constantia Main Road, Constantia, Cape Town 7806 South Africa

Both Subsidiary undertakings are dormant. In the opinion of the directors, the aggregate value of the Company's investments is not less than the amount included in the balance sheet.

In the opinion of the directors, the aggregate value of the Company's investments is not less than the amount included in the balance sheet.

13 Debtors

	Note	2019 £	2018 £
Trade debtors		675,680	663,190
Other debtors	<u>21</u>	1,217,816	1,457,828
Prepayments		301,722	315,560
Corporation tax asset		146,838	141,109
		<u>2,342,056</u>	<u>2,577,687</u>

Included within other debtors is £Nil (2018 - £75,000) relating to a loan which is not due to be received until after one year.

STRAND HANSON LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2019

14 Current asset investments

	2019 £	2018 £
Other investments	1,187,272	1,036,998
Warrants at fair value	250,000	200,000
	<u>1,437,272</u>	<u>1,236,998</u>

Current asset investments combine shares which are quoted on AIM, a market operated by the London Stock Exchange plc of £909,270 (2018 - £798,874), unquoted investments of £278,002 (2018 - £238,124) and warrants to acquire shares in companies whose shares are quoted on AIM.

15 Creditors

	Note	2019 £	2018 £
Due within one year			
Loans and borrowings	<u>16</u>	310,975	310,902
Trade creditors		155,340	369,302
Social security and other taxes		677,983	501,006
Other creditors		29,891	72,331
Accrued expenses		109,082	114,771
Corporation tax liability		133,766	150,595
		<u>1,417,037</u>	<u>1,518,907</u>
Due after one year			
Social security and other taxes		289,527	635,540
Corporation tax liability		90,895	219,321
		<u>380,422</u>	<u>854,861</u>

16 Loans and borrowings

	Note	2019 £	2018 £
Current loans and borrowings			
Loans from Directors	<u>21</u>	<u>310,975</u>	<u>310,902</u>

17 Pension and other schemes

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £152,302 (2018 - £170,270). Contributions totalling £29,768 (2018 - £72,208) were payable to the scheme at the end of the year and are included in creditors.

STRAND HANSON LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2019

18 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £0.80 each	812,724	650,179	812,724	650,179

19 Reserves

Share premium reserve

The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve

Represents the nominal value of shares that have been redeemed.

Other reserves

The treasury reserves represents the cost of shares in the company repurchased and held by the company in treasury. The number of shares held in treasury at 31 December 2019 was 151,855 (2018 - 151,855).

Profit and loss account

The Profit and Loss Account includes all current and prior year retained profits and losses.

20 Obligations under operating leases

The total of future minimum lease payments is as follows:

	2019	2018
	£	£
Not later than one year	278,257	280,133
Later than one year and not later than five years	176,011	454,782
	<u>454,268</u>	<u>734,915</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £315,216 (2018 - £339,816).

STRAND HANSON LIMITED

Notes to the Financial Statements for the Year Ended 31 December 2019

21 Related party transactions

Directors' advance and credits

During the year four of the directors advanced/(received) loans to/(from) the company. The loans are interest free and repayable on demand.

The amounts owed to/(by) each director at each period end were as follows:

	2019 £	2018 £
James Harris	95,329	95,279
Rory Murphy	215,646	215,623
Simon Raggett	(440,641)	(424,210)
Stuart Faulkner	(117,081)	(172,081)

The maximum balance owed to the company by Simon Raggett during the year was £440,641 (2018-£424,210).

The maximum balance owed to the company by Stuart Faulkner during the year was £117,081 (2018-£172,081).

Other related party transactions

During the year the company made the following related party transactions:

Key Management Personnel

Key management personnel are considered to be the board of directors and certain other senior staff including the managing director and chief operating officer. Details of loan relationships with directors are disclosed within this note. For details of key management personnel's remuneration, please see note 8.

Angela Hallett

(shareholder)

The loan which was outstanding throughout the year is interest free and repayable on demand. At the balance sheet date the amount due from Angela Hallett was £75,417 (2018 - £75,417).

22 Adjusting events after the financial period

The company has been effected by the Coronavirus pandemic. See the Strategic Report and Going Concern accounting policy in Note 2 for further details.

In addition at the date of signing the accounts there have been significant deteriorations in the valuation of ECO Oil & Gas and Savannah Petroleum, of £241,570 and £229,840 respectively.

23 Net debt note

	At 1 January 2019 £	Cash flows £	Other non cash changes £	As at 31 December 2019 £
Analysis of changes in net debt				
Cash and cash equivalents				
Cash	408,533	488,259	-	896,792
Total net debt	408,533	488,259	-	896,792

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.

