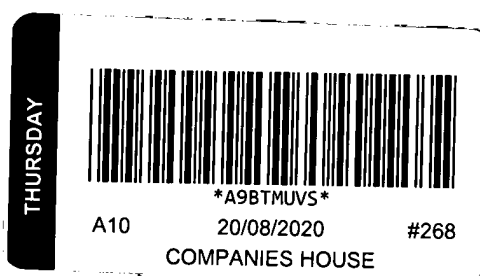


Company number: 07632131

## **RAB Capital Holdings Limited**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS 31 December 2019**



# **RAB Capital Holdings Limited**

**31 December 2019**

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# **RAB Capital Holdings Limited**

## **COMPANY INFORMATION**

**31 December 2019**

### **DIRECTORS**

Michael Alen-Buckley  
Christopher de Mattos  
William Philip Richards  
Andrew Knatchbull

### **SECRETARY**

Andrew Knatchbull

### **REGISTERED OFFICE**

1 Adam Street  
London  
WC2N 6LE

### **REGISTERED NUMBER**

07632131

### **AUDITOR**

MHA MacIntyre Hudson  
6th Floor  
2 London Wall Place  
London  
EC2Y 5AU

## **RAB Capital Holdings Limited**

### **DIRECTORS' REPORT** **31 December 2019**

The Directors present their report and the audited consolidated financial statements of RAB Capital Holdings Limited for the year ended 31 December 2019.

#### **PRINCIPAL ACTIVITY**

RAB Capital Holdings Limited (the "Company", or together with its subsidiaries referred to as the "Group" or "RAB") is the holding company of a specialist investment management company, RAB Capital Limited, Leumas (Jersey) Limited, two property joint ventures, Wisley Property Investments Limited and L D Developments Limited, and a natural resources focused joint venture, Musgrave Financial Limited. The Company is registered in England and Wales, Company Number 07632131. RAB Capital Limited was authorised by the Financial Conduct Authority as an Alternative Investment Fund Manager under the Alternative Investment Fund Manager Directive ("AIFMD") until 23 January 2018.

Future developments and financial instruments are discussed in the Strategic Report.

#### **DIVIDENDS**

The Directors did not declare any dividends during the year (2018: interim dividend of 0.5p per ordinary share, total dividend £1.0 million). The Directors do not propose the payment of a final dividend (2018: £nil).

#### **DIRECTORS**

The following Directors held office during the year and as at the date of this report:

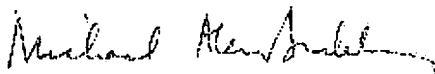
	Appointed (if in period)	Resigned (if in period)
Michael Alen-Buckley		
Christopher de Mattos		
William Philip Richards		
Andrew Knatchbull	17/03/2020	

#### **AUDITOR**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and MHA MacIntyre Hudson LLP will therefore continue in office.

#### **PROVISION OF INFORMATION TO THE COMPANY'S AUDITOR**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware and that each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information. The confirmation is given and shall be interpreted in accordance with the provisions of S418 of the Companies Act 2006.



**Michael Alen-Buckley**  
**Executive Chairman**

11 August 2020

## **RAB Capital Holdings Limited**

### **DIRECTORS' REPORT 31 December 2019**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

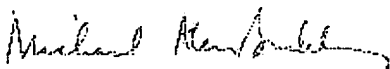
The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 group and parent company and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



**Michael Alen-Buckley**  
Executive Chairman

11 August 2020

## **RAB Capital Holdings Limited**

### **GROUP STRATEGIC REPORT 31 December 2019**

#### **BUSINESS MODEL**

RAB continues to investigate options and strategies for launching new funds within the investment management business. RAB continues investing surplus funds where the Board sees opportunities to provide enhanced returns. RAB currently aims to do this by selective investments in companies, both listed and private, and real estate development opportunities.

The Board also seeks to exploit the knowledge, expertise and contacts gained over the years from investing in the natural resources sector to generate additional revenues. Projects are underway to achieve this, including the Musgrave joint venture.

#### **STRATEGY**

RAB aims to utilise the expertise of its management team to:

1. grow the balance sheet through investments and joint ventures;
2. explore and implement new avenues for revenue generation; and
3. maintain a strong financial position.

#### **MARKET REVIEW**

RAB's investment portfolio is largely focused on natural resources, primarily oil and gas and precious metals, together with a direct exposure to property, primarily UK residential through joint ventures. In addition RAB has some early stage, unlisted investments in the technology and medical sectors.

##### **Mining sector**

Mining equities had a strong year in 2019 with the STOXX Europe 600 Basic Resources Index finishing +16%. However, the journey was volatile.

The year started strongly with significant rallies in the base metals as fears over a US-China trade war subsided in Q1, with copper and zinc up 12% and 21% respectively. Copper was also supported by supply disruptions in South America following deteriorating political stability and unionised action. However, the macro picture was broadly overwhelming. Industrial commodities were hit as the Chinese GDP growth slowed and infrastructure projects were halted. Copper and zinc ended the year +5% and -7% respectively.

In nickel and iron ore, however, supply-side disruptions were a source of significant strength throughout. Nickel faced falling stockpiles and a looming export embargo in Indonesia as the world's largest producer, ending the year +34%. To match, iron ore rallied 68% in H1 to highs not seen since 2014 in response to the Corrego do Feijao tailings dam failure in Brazil, prompting widespread changes to production methods throughout the industry.

For the precious metals, 2019 was a one-way positive story as the US Dollar weakened and the market remained wary of the impact of macro pressures on record high equity valuations. Gold finished +18% with Van Eck Vectors Gold Miners Index, an ETF that tracks the performance of the NYSE Arca Gold Miners Index rallying 40% for the year overall.

At the start of 2020 the mining sector was hit hard by the impact of Covid 19. However the impact of extreme money printing by governments, to cope with unemployment caused by lockdowns, has boosted gold and gold miners. Infrastructure raw materials have also started to perform as countries (especially China) seek to reboot their economies. Copper and battery / electric motor metals have also been boosted by the green economy so there seems opportunities in mining for 2020.

##### **Oil and gas**

With the OPEC cuts announced late in 2018, a more constructive view on demand, bullish draws on inventories and slowing supply growth out of North America the first four months of 2019 saw Brent pricing rally from \$54 to \$74 by late April. However, rumours that Russia was getting ready to exit the production cut pact, fading compliance and US services companies ramping up activity, alongside trade fears and commentary out of the White House eventually turned a fragile rally into a sharp correction. This worsened as it became clear that demand was significantly below expectations (Q1 saw the weakest quarter of growth since 2011, according to the IEA) against a difficult macro picture. Crude traded through a series of ups and downs within a \$10 range during the summer, buffeted by news on Iran, the trade deal with China, inventory data and OPEC intentions.

A drone attack on the most important crude processing facility in the world, Saudi Arabia's Abqaiq (processing 7mmbpd), led to a short price spike in mid-September. However, when it became clear that the country's crude exports would not be materially impacted and speculation built as to Iranian barrels potentially returning to international markets, the move reversed quickly. With a slightly more supportive demand picture and suggestions that production growth out of North America was slowing again, Q4 saw Brent grind higher. A more bullish than expected OPEC+ meeting in December did not make the impact that it might have due to market concerns regarding compliance, leaving Brent to finish the year at \$66.

## **RAB Capital Holdings Limited**

### **GROUP STRATEGIC REPORT 31 December 2019**

2020 started badly for the oil and gas sector with OPEC and Russia failing to agree production quotas in March which was quickly followed by a large downturn in demand caused by Covid 19 lockdowns. The dislocation caused in the oil markets resulted in negative prices for May crude oil futures while the 5 year future remained around \$50 per barrel throughout.

#### **Property**

2019 was another year of uncertainty in the residential property markets, but the general election result brought a degree of confidence to the land markets, helping placate the uncertainty of Brexit that had hungover the market. However Brexit has not been the main issue facing our UK land.

It is widely accepted that to meet the English housing need over 300,000 new houses needed to be built each year since 2015. Total housing stock in England increased by a record 241,000 in 2018/19 but still well below this requirement. We believe that the Wisley site (owned through our joint venture Wisley Property Investments Limited ("WPIL")) would help to deliver "the right homes in the right place", and on previously developed land. However, the process to deliver new houses in England is long and expensive.

In April 2019, Guildford Borough Council approved their local plan with Wisley Airfield as one of the major sites providing new houses in a sustainable new development in the borough. RAB instructed Savills to market the disused airfield to potential buyers who would be able to deliver on the plan, although any sale would likely be conditional upon the local plan being unchallenged. In early summer, two parish councils and a local resident challenged the local plan which led to a Statutory Challenge of the local plan in the autumn being heard at the High Court. The judge dismissed the challenge but one complainant sought leave to appeal the judgement. At the end of December the plan was still contested and Wisley Airfield had not been sold but the Directors are confident the value of the site had increased substantially in the year.

Subsequent to the year end, in February 2020 a judge dismissed the complainants request for appeal and RAB completed the sale of the Wisley Airfield. This sale will be reflected in the 2020 annual accounts and will result in a significant value uplift for

The Jersey joint venture (the "Jersey JV"), with its portfolio of high end houses being redeveloped in the increasingly popular St Brelades Bay area, remains well positioned. By the end of the year all the properties were nearing completion and ready to be marketed in 2020.

#### **BUSINESS REVIEW AND RESULTS FOR THE YEAR**

RAB received revenues from renting of surplus office space and legacy introductory business in the year of £41 thousand (2018: £55 thousand). Difficult markets led to the investment portfolio returning a loss of £0.5 million in the year with falls seen across most of the portfolio (2018: loss £0.6 million). Interest and similar income reduced to below £1 thousand (2018: £40 thousand) reflecting no loans made to third parties in the year. Administration costs were reduced again by 17% year on year from £1.0 million to £0.8 million. This was primarily reflecting lower payroll costs.

The share of post-tax results from associates was a loss of £75 thousand (2018: profit £119 thousand) due to losses in WPIL and the Jersey JV, and a small profit from Musgrave.

The overall loss for the year was £1.3 million (2018: loss £1.4 million).

At the end of 2019 the net asset value of RAB stood at £17.7 million (2018: £19.1 million), a decrease of £1.4 million on the prior year. This decrease was attributable to the loss for the year of £1.3 million (2018: loss £1.24 million) and no dividend being paid (2018: £1.0 million).

RAB made further contributions in the year to the WPIL, to pay for fees around the potential sale and legal fees to defend its allocation in the local plan at the Statutory Challenge.

Contributions to WPIL were £0.23 million (2018: £0.25 million). Significant costs were incurred in Jersey JV as work neared completion on the primary property and started on the secondary property, both of which are substantial premises and in prime locations in Jersey. These works were funded by loans and bank debt. The Board remains confident that both ventures can deliver substantial real returns to shareholders in the medium term.

## RAB Capital Holdings Limited

### GROUP STRATEGIC REPORT 31 December 2019

With the disposal of WPIL in Q1 2020 the Directors are confident that there will be a substantial profit in the 2020. The Directors are optimistic that the increased cash balance following the WPIL sale will help revenue generation elsewhere, either through the launch of a new fund or investment opportunities from the expertise and contacts gained over the years from investing in natural resources. The Directors believe that RAB has sufficient financial resources to continue.

On 30 January, the World Health Organisation (WHO) announced Coronavirus as a global health emergency. On 11 March 2020, it announced that Coronavirus was a global pandemic. The Directors do not foresee this having a major impact on operations as all staff are capable of working from home and RAB has sufficient funds to see it through the crisis.

#### KEY PERFORMANCE INDICATORS

The Directors use a number of key performance indicators to measure the performance of the business over the medium-term, viewed as a three year period.

	Medium-term performance	
<i>Return on investments and joint ventures</i>	2019	-3%
Objective: generating returns on investments and joint ventures in excess of those earned on cash.	2018	-3%
Performance: Joint ventures will deliver a substantial uplift to NAV in 2020.	2017	12%

	Medium-term performance	
<i>Net Asset Value per share</i>	2019	8.7p
Objective: increasing net asset value ("NAV") per share.	2018	9.4p
Performance: NAV per share decreased by 0.7p in the year due to investment losses and administrative expenses.	2017	10.6p

<i>Net Asset Value per share adjusted for cumulative dividends</i>	2019	10.7p
Objective: increasing net asset value ("NAV") per share adjusted for distributions.	2018	11.4p
Performance: Cumulative dividends of 2p per share have been paid since the Scheme of Arrangement in September 2011.	2017	12.1p

#### PRINCIPAL RISKS AND UNCERTAINTIES

RAB's principal risks and uncertainties are considered to be operational risk, employee risk, credit risk, liquidity risk and market risk. These risks primarily relate to the assets and liabilities on its statement of financial position, particularly RAB's investments. RAB has a risk management and reporting framework in place which is designed to minimise those risks which management believe are within their control.

##### Operational risk

Operational risk is the potential for economic loss and/or reputational damage due to a serious error or failure of operations. RAB has implemented an operational risk framework designed to monitor and assess operational risks across the business.

##### Employee risk

In common with most businesses, RAB's employees are essential to its success. The ability to attract, retain and develop talented people is vital for delivering stakeholder value and managing the principal risks of running the business.

##### Credit risk

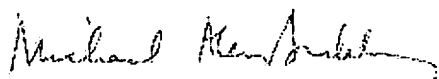
Credit risk is the risk of financial loss if the counterparty to a financial instrument fails to meet its contractual obligation. The risk to RAB arises principally from deposits placed with financial institutions and custody of investments.

##### Liquidity risk

Liquidity risk is the risk that RAB will encounter difficulty in meeting obligations arising from its financial liabilities. Cash is retained in the business to mitigate this risk and liquidity can be generated by sale of readily realisable assets.

##### Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange and equity prices affect RAB's income and/or the value of investment assets. In particular, RAB is impacted by economic events affecting precious metals, oil and gas and by planning authority decisions in relation to its property investment assets.



Michael Alen-Buckley  
Executive Chairman  
11 August 2020



## **RAB Capital Holdings Limited**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAB CAPITAL HOLDINGS LIMITED**

#### **Opinion**

We have audited the financial statements of RAB Capital Holdings Limited (the 'company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the consolidated income statement, group and company statements of financial position, group and company statements of changes in equity, group and company cash flow statements and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

#### **In our opinion:**

- the financial statements give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019, and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 group and parent 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 group's or the parent 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 and financial statements, 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

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

We have nothing to report in this regard.

#### **Opinions on other matters 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAB CAPITAL HOLDINGS LIMITED (CONTINUED)**

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the group and the company and their 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 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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or 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: <https://www.frc.org.uk/OurWork/Audit/Auditand-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. 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.



**Geeta Morgan, senior statutory audit**  
**MHA MacIntyre Hudson, Statutory Auditor**  
6th Floor  
2 London Wall Place  
London  
EC2Y 5AU

11 August 2020

# RAB Capital Holdings Limited

## CONSOLIDATED INCOME STATEMENT For the year ended 31 December 2019

	Note	2019 £000s	2018 £000s
Revenue		41	55
Net loss on investments held at fair value		(468)	(611)
Interest receivable and similar income	5	-	40
<b>Gross loss</b>		<b>(427)</b>	<b>(516)</b>
Cost of sales		-	-
<b>Gross loss</b>		<b>(427)</b>	<b>(516)</b>
Administrative expenses		(835)	(1,002)
<b>Operating loss before taxation and joint ventures</b>		<b>(1,262)</b>	<b>(1,518)</b>
Share of post-tax results from associates and joint ventures	9	(75)	119
<b>Operating loss before taxation</b>	2	<b>(1,337)</b>	<b>(1,399)</b>
Taxation	6	-	-
<b>Loss after taxation attributable to equity holders of the parent</b>		<b>(1,337)</b>	<b>(1,399)</b>
Basic loss per Ordinary share	8	(0.66)p	(0.69)p
Diluted loss per Ordinary share	8	(0.66)p	(0.69)p

All of the above amounts relate to continuing activities.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2019 £000s	2018 £000s
Loss for the financial year	(1,337)	(1,399)
<b>Total comprehensive loss attributable to equity holders of the parent</b>	<b>(1,337)</b>	<b>(1,399)</b>

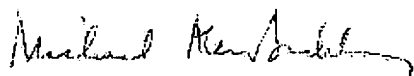
The accompanying notes on pages 13 to 30 form an integral part of these financial statements.

# RAB Capital Holdings Limited

## STATEMENTS OF FINANCIAL POSITION As at 31 December 2019

		Group		Company	
		2019	2018	2019	2018
	Note	£000s	£000s	£000s	£000s
<b>Assets</b>					
<b>Non-current assets</b>					
Investment in subsidiaries	9	-	-	2,215	3,294
Investment in associates and joint ventures	9	9,223	9,151	9,524	9,299
Property, plant and equipment	10	7	14	-	-
Right of use asset	17	140	-	-	-
Trade and other receivables	12	15	17	-	-
Investments held at fair value	11	7,579	9,316	6,966	8,198
<b>Total non-current assets</b>		<b>16,964</b>	<b>18,498</b>	<b>18,705</b>	<b>20,791</b>
<b>Current assets</b>					
Trade and other receivables	12	425	261	349	151
Cash		692	476	444	367
<b>Total current assets</b>		<b>1,117</b>	<b>737</b>	<b>793</b>	<b>518</b>
<b>Total assets</b>		<b>18,081</b>	<b>19,235</b>	<b>19,498</b>	<b>21,309</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Lease liability	17	(97)	-	-	-
<b>Total non-current liabilities</b>		<b>(97)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Trade and other payables	13	(215)	(173)	(1,471)	(2,098)
Lease liability	17	(44)	-	-	-
<b>Total current liabilities</b>		<b>(259)</b>	<b>(173)</b>	<b>(1,471)</b>	<b>(2,098)</b>
<b>Total liabilities</b>		<b>(356)</b>	<b>(173)</b>	<b>(1,471)</b>	<b>(2,098)</b>
<b>Net assets</b>		<b>17,725</b>	<b>19,062</b>	<b>18,027</b>	<b>19,211</b>
<b>Equity</b>					
Called up share capital	14	203	203	203	203
Other reserves	15	29,898	29,898	1	1
Retained earnings		(12,376)	(11,039)	17,823	19,007
<b>Equity attributable to the equity holders of the parent</b>		<b>17,725</b>	<b>19,062</b>	<b>18,027</b>	<b>19,211</b>

The financial statements on pages 9 to 30 were approved by the Board of Directors on 11 August 2020 and signed on its behalf by:



**Michael Alen-Buckley**  
Executive Chairman  
11 August 2020

Company number: 07632131

The accompanying notes on pages 13 to 30 form an integral part of these financial statements.

# RAB Capital Holdings Limited

## STATEMENTS OF CHANGES IN EQUITY For the year ended 31 December 2019

	Note	Called up share capital £000s	Other reserves £000s	Retained earnings £000s	Total equity £000s
<b>GROUP</b>					
At 1 January 2018		203	29,898	(8,625)	21,476
Loss for the financial year		-	-	(1,399)	(1,399)
Transactions with equity holders:					
- Dividends paid	7	-	-	(1,015)	(1,015)
<b>At 31 December 2018</b>		<b>203</b>	<b>29,898</b>	<b>(11,039)</b>	<b>19,062</b>
Impact of adoption of IFRS 16	20	-	-	(5)	(5)
<b>Adjusted balance at 1 January 2019</b>		<b>203</b>	<b>29,898</b>	<b>(11,044)</b>	<b>19,057</b>
Loss for the financial year		-	-	(1,337)	(1,337)
Transactions with equity holders:					
- Dividends paid / (credited back)	7	-	-	5	5
<b>At 31 December 2019</b>		<b>203</b>	<b>29,898</b>	<b>(12,376)</b>	<b>17,725</b>
<b>COMPANY</b>					
At 1 January 2018		203	1	21,478	21,682
Loss for the financial year		-	-	(1,456)	(1,456)
Transactions with equity holders:					
- Dividends paid	7	-	-	(1,015)	(1,015)
<b>At 31 December 2018</b>		<b>203</b>	<b>1</b>	<b>19,007</b>	<b>19,211</b>
Loss for the financial year		-	-	(1,189)	(1,189)
Transactions with equity holders:					
- Dividends paid / (credited back)	7	-	-	5	5
<b>At 31 December 2019</b>		<b>203</b>	<b>1</b>	<b>17,823</b>	<b>18,027</b>

The accompanying notes on pages 13 to 30 form an integral part of these financial statements.

# RAB Capital Holdings Limited

## CASH FLOW STATEMENTS

For the year ended 31 December 2019

	Note	Group		Company	
		2019 £000s	2018 £000s	2019 £000s	2018 £000s
<b>Cash flows from operating activities</b>					
Loss before taxation		(1,337)	(1,399)	(1,189)	(1,456)
Share of post-tax results from joint venture	9	153	(119)	-	(60)
Depreciation of property, plant and equipment	10	7	7	-	-
Impairment of investment in subsidiaries	9	-	-	1,079	739
Net loss on investments held at fair value		468	611	171	794
Depreciation charge on right-of-use asset	17	47	-	-	-
Interest on lease liabilities	17	7	-	-	-
Interest receivable and similar income	5	-	(40)	(78)	(40)
		(655)	(940)	(17)	(23)
<b>Changes in operating assets and liabilities</b>					
(Increase)/decrease in trade and other receivables - current		(164)	1,410	(198)	1,392
Increase/(decrease) in trade and other payables		42	(183)	(627)	(441)
Decrease in trade and other receivables - non-current		2	4	-	-
Increase in right-of-use asset		(140)	-	-	-
Decrease in lease liability		141	-	-	-
<b>Cash (used in)/generated from operating activities</b>		(774)	291	(842)	928
Taxation		-	-	-	-
<b>Net cash (outflow used in)/inflow generated from operating activities</b>		(774)	291	(842)	928
<b>Cash flows from investing activities</b>					
Interest received		-	40	-	40
Dividends received		-	-	78	-
Investment in associates and joint ventures	9	(225)	(260)	(225)	(260)
Disposal of investment in joint ventures	9	-	660	-	660
Purchase of property, plant and equipment	10	(1)	(8)	-	-
Purchase of investments held at fair value	11	-	(2,153)	-	(2,153)
Disposal of investments held at fair value	11	1,270	2,207	1,061	2,030
<b>Net cash inflow generated from investing activities</b>		1,044	486	914	317
<b>Cash flows from financing activities</b>					
Equity dividends paid/(credited back)	7	5	(1,015)	5	(1,015)
Cash outflow for leases	17	(59)	-	-	-
<b>Net cash (outflow used in)/inflow generated from financing activities</b>		(54)	(1,015)	5	(1,015)
<b>Net increase/(decrease) in cash</b>		216	(238)	77	230
<b>Cash at 1 January</b>		476	714	367	137
<b>Cash at 31 December</b>		692	476	444	367

The accompanying notes on pages 13 to 30 form an integral part of these financial statements.

## **RAB Capital Holdings Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 December 2019**

#### **1 PRINCIPAL ACCOUNTING POLICIES**

RAB Capital Holdings Limited ("the Company") is a limited company registered in England and Wales. The registered number is 07632131 and registered address is 1 Adam Street, London WC2N 6LE. The consolidated financial statements for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as "the Group"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

##### **Statement of compliance**

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted in the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The Company has taken advantage of the exemption under section 408 of the Companies Act 2006 not to present its own statement of profit or loss and related notes. The Company's profit for the financial year is shown on page 11.

##### **Basis of preparation**

The consolidated financial statements have been prepared under the historical cost convention, except for the measurement of investments at fair value.

##### **IFRS - new and amended standards**

The following new standards and amendments have been applied for the first time in the current period. Other new standards and amendments effective in the period are not considered relevant to the Group. The impact of the adoption of IFRS 9 is disclosed in note The impact of the adoption of IFRS 16 is disclosed in note 20. The adoption of IFRS 23 has had no impact.

<b>Standard / Interpretation</b>	<b>Effective for annual periods beginning on or after</b>
Annual Improvements to IFRSs 2015-2017 Cycle	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
IFRS 16 Leases	1 January 2019

Annual Improvements to IFRSs 2015-2017 Cycle includes updates to IFRS 3 Business Combinations, IFRS 11 Joint Ventures, IAS 12 Income Taxes and IAS 19 Employee Benefits.

IFRS16 Leases significantly changes the way in which companies account for leases. Almost all major lease arrangements will appear on the balance sheet of the lessee for the first time, ending the sometimes arbitrary division between finance and

IFRIC 23 applies where there is uncertainty over the acceptable income tax treatment of an item, for example, whether an

Other standards, interpretations and amendments issued but not yet effective are not expected to have a material impact on the Group financial statements.

##### **(A) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities over which the Company has the power to control financial and operating policies (its subsidiary undertakings). The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where subsidiaries, associates or joint ventures have a non-coterminous year end with the Company the consolidated results are based on interim financial information prepared by the entity. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Investments in associates and joint ventures are accounted for by the equity method of accounting and are initially recognised at cost.

## **RAB Capital Holdings Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 December 2019**

#### *Going concern*

The Group continues to have net assets which considerably exceed its cost base. In 2020 the Directors believe that the Company will make a large profit for the year following the sale of WPIL. Having prepared forecasts, the Directors have a reasonable expectation that both the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the annual report and accounts. The Directors do not believe that Covid-19 will have a material impact on operations.

#### **(B) Critical accounting estimates and judgements**

The Directors make estimates and assumptions concerning the future, which by definition will seldom match actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

#### *Fair value of unlisted securities*

Significant judgement is required in determining the fair value of investments in unlisted securities. RAB has regard to the valuation methodologies set out in the International Private Equity and Venture Capital Valuation Guidelines in determining the fair value of unquoted securities, however, without an established market for these securities any valuation is reliant upon management judgements.

#### *Income taxes*

Significant judgement is required in determining provisions for income taxes and in determining deferred tax assets based on an assessment of the probability that taxable profits will be available against which such deferred tax assets can be recovered.

#### **(C) Accounting policies**

##### **Investments in subsidiaries, joint ventures and associates**

Investments in subsidiaries, joint ventures and associates are carried in the Company statement of financial position at cost less any provisions for impairment. Dividends from pre-acquisition reserves are recognised in the statement of profit or loss, and any resulting impairment is provided for.

Joint ventures are entities in which the Group has an investment together with a contractual agreement, with one or more other shareholders, to share control of the business. The major decisions require the unanimous consent of the joint venture partners.

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of joint ventures and associates are incorporated into the consolidated financial statements using the equity method of accounting. The Group's statement of profit or loss reflects its share of the entity's profit or loss after tax; the statement of financial position records the Group's investment at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Intercompany transactions are eliminated and any post-acquisition dividends received by the Group from the joint venture or associate are deducted from the carrying amount. Where losses of a subsidiary, associate or joint venture provide evidence of an impairment of the asset in which case appropriate provision is made.

#### **Property, plant and equipment**

Property, plant and equipment are stated at acquisition cost less depreciation and accumulated impairment provisions. Depreciation is provided at the following rates calculated to write off the cost less the estimated residual value of each asset over its expected useful economic life, or the period of expected use if shorter:

<u>Category</u>	<u>Basis</u>
Office equipment	25% per annum, straight-line
Furniture and fixtures	25% per annum, straight-line



## **RAB Capital Holdings Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 December 2019**

#### **Financial assets and liabilities**

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

#### **Investments**

Investments in funds and other securities are included in non-current assets. They are measured at fair value through the profit or loss ("FVPL").

Investments are initially recognised at cost, being the fair value of the investment at that time, and are subsequently measured at fair value, with any gains or losses arising from changes in fair value being recognised in the income statement. Fair value for each type of investment is determined as follows:

##### **(i) investments in funds**

The starting point for determining fair value of investments in funds is the net asset value ("NAV") of the fund which is calculated by a third party. In rare circumstances it may be necessary to adjust the reported NAV for factors that would cause it to differ from fair value.

##### **(ii) Investments in listed or quoted securities**

Securities listed or quoted on a stock exchange are valued at the end of day quoted price on the relevant exchange.

##### **(iii) investments in unquoted securities**

The fair value of an unquoted security is defined as the price that RAB might reasonably expect to receive on its sale and is determined in good faith and pursuant to procedures established by RAB. This is established by reference to, but is not limited to:

- cost price;
- current earnings reviews and forecasts;
- recent capital transactions or events;
- the price of any recent transactions; and
- the size of RAB's holding relative to the total issued capital.

RAB reviews such investments periodically as information is received and, where appropriate, proposes valuation changes. Such proposed valuation changes must be accompanied by a documented recommendation which takes account of the factors noted above together with all relevant back up documentation. Due to the inherent uncertainty of fair value, such estimations of fair value may differ from values that would have been applied had a readily available market existed and those differences could be material. In all cases RAB has regard to the valuation methodologies set out in the International Private Equity and Venture Capital Valuation Guidelines in determining the fair value of unquoted securities.

Purchases of investments are recorded when substantially all the risks and rewards of ownership have been transferred to the Group, this is usually on the trade date.

#### **Trade and other receivables**

Trade and other receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of profit or loss when there is objective evidence that the asset is impaired.

#### **Cash**

Cash represents cash at bank which is on deposit and cash in hand.

#### **Trade and other payables**

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost.

#### **Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and substantially all risks and rewards of ownership have been transferred.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, transferred, cancelled or expired.

## **RAB Capital Holdings Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 December 2019**

#### *Offsetting*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Group has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### **Income recognition**

##### *Revenue*

Revenue represents fees receivable for investment management and advisory services provided during the period and subletting and desk rental income from spare office space. Management fees are recognised as the services are provided. Rental income is recognised on an accruals basis.

##### *Interest receivable and similar income*

Interest income is recognised as it accrues using the effective interest method. Distributions from investments are recognised on the date that the right to receive payment has been established.

##### **Cost of sales**

Cost of sales comprises fees payable to third parties in respect of distribution services and provision of investment advisory service. These fees are recognised over the period for which the service is provided.

##### **Leases**

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the expected end of the lease term. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for any remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. The lease liability is measured at amortised cost using the effective interest method. It is remeasured if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way a corresponding adjustment is made to the carrying amount of the right-of-use asset.

##### *Short-term leases and leases of low value assets*

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease.

##### *Policy applicable before 1 January 2019*

Amounts payable under operating leases are charged to the statement of profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised on a straight-line basis over the remaining term of the lease.

## **RAB Capital Holdings Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

**31 December 2019**

#### **Foreign currency**

The individual financial statements of each subsidiary undertaking are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Pound Sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are included in the income statement for the period.

For the purpose of presenting consolidated financial statements, income and expense items of the Group's foreign operations are translated at the average exchange rates for the period. Assets and liabilities are expressed in Sterling using exchange rates prevailing on the statement of financial position date. Exchange differences arising from the translation of the assets and liabilities of foreign operations are shown as a separate component of equity.

#### **Taxation**

The tax expense represents the sum of the tax currently payable/receivable and deferred tax.

Tax currently payable/receivable is based on amounts payable/receivable on the taxable profit/loss for the current year plus any adjustment in relation to prior periods, and any amount still due in respect of prior periods. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date. Income tax relating to items charged or credited directly to equity is dealt with in equity.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases, and is accounted for using the statement of financial position liability method.

Deferred tax liabilities are recognised on all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the statement of profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation jurisdiction and the Group intends to settle its current tax assets and liabilities on a net basis.

#### **Bonus plans**

The Group recognises a liability and an expense for bonuses, based on a range of criteria; including the performance of the Group for the financial year and the need to incentivise and retain certain staff. The Group recognises a liability where contractually obliged, or where there is a past practice that has created a constructive obligation.

# RAB Capital Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

### 2 OPERATING LOSS BEFORE TAXATION

	Group	
	2019	2018
	£000s	£000s
Operating loss before taxation has been arrived at after charging:		
Staff costs (see Note 4)	540	641
Operating leases (see Note 17)	-	53
Interest on lease liabilities (see Note 17)	7	-
Expenses relating to short-term leases (see Note 17)	2	-
Depreciation of right-of-use assets (see Note 17)	47	-
Depreciation of property, plant and equipment (see Note 10)	7	7
Foreign exchange loss	2	7
Other premises costs	61	61
Other operating costs	169	233
Administrative expenses	835	1,002

### 3 AUDITOR'S REMUNERATION

Auditor's remuneration relates to MHA MacIntyre Hudson.

	Group	
	2019	2018
	£000s	£000s
Audit of these financial statements	13	13
Audit of subsidiaries' financial statements	12	12
Total audit fees	25	25
Fees payable to the Company's Auditor and their associates for other services to the Group		
- Other services pursuant to legislation	-	-
Total Auditor's remuneration	25	25

### 4 STAFF COSTS AND EMPLOYEES

#### (A) Staff costs

	Company		Group	
	2019	2018	2019	2018
	£000s	£000s	£000s	£000s
Staff costs including Directors' emoluments				
Wages and salaries	-	-	436	482
Staff bonuses	-	-	3	15
Social security costs	-	-	47	54
Other staff costs	-	-	45	50
Staff redundancies	-	-	-	30
Pension costs	-	-	9	10
	-	-	540	641

Staff bonuses including related social security costs totalled £3,000 (2018: £17,000).

#### (B) Average number of employees

	Company		Group	
	2019	2018	2019	2018
	Number	Number	Number	Number
Average monthly number employed including Directors:				
Office and management	-	-	9	12

# RAB Capital Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

(C) Directors' emoluments	Company		Group	
	2019 £000s	2018 £000s	2019 £000s	2018 £000s
Directors' remuneration	-	-	136	143
	-	-	136	143
<b>Highest paid Director</b>				
Directors' remuneration	-	-	56	55

Directors' remuneration relates to amounts paid and incurred by the Group in respect of Directors of the Company and includes salary, fees, bonus and non-cash benefits such as health insurance.

### 5 INTEREST RECEIVABLE AND SIMILAR INCOME

	Group	
	2019 £000s	2018 £000s
Bank and loan interest receivable	-	40
Dividend received	-	-
<b>Total interest receivable and similar income</b>	<b>-</b>	<b>40</b>

### 6 TAXATION

#### (A) Analysis of tax charge for the year

	Group	
	2019 £000s	2018 £000s
Current tax on loss for the year	-	-
Adjustments in respect of previous periods	-	-
Current tax charge	-	-
Deferred tax	-	-
<b>Tax charge in the consolidated statement of profit or loss</b>	<b>-</b>	<b>-</b>

#### (B) Factors affecting the tax charge for the year

	Group	
	2019 £000s	2018 Restated £000s
<b>Loss on ordinary activities before taxation</b>	<b>(1,337)</b>	<b>(1,399)</b>
Tax credit on loss on ordinary activities at standard UK corporation tax rate of 19% (2018: 19%)	(254)	(266)
Effect of:		
Disallowed expenses and non-taxable income	2	(20)
Trading losses not utilised	208	177
Adjustments in respect of investments	105	116
Adjustments in respect of goodwill/intangibles	(9)	(9)
Writing down allowances in excess of goodwill	(52)	2
Other	-	-
<b>Tax charge in the statement of profit or loss</b>	<b>-</b>	<b>-</b>
<b>Effective tax rate</b>	<b>0.0%</b>	<b>0.0%</b>

A deferred tax asset has not been recognised in relation to trading losses amounting to £27.8m (2018: £26.3m), capital losses amounting to £26.5m (2018: £26.1m), excess management expenses £0.1m (2018: £0.1m) and non-trade loan relationship debits £0.1m (2018: £0.1m).

# RAB Capital Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

### 7 DIVIDENDS

	Group and Company			
	2019		2018	
	£000s	pence per share	£000s	pence per share
<b>Dividends on Ordinary shares recognised as distributions to equity holders in the year:</b>				
Unclaimed dividends credited back	(5)	-	(2)	-
Final dividend in respect of 2018 (2017)	-	-	-	-
Interim dividend in respect of 2019 (2018)	-	-	1,017	0.50
Total dividends paid in the year	(5)	-	1,015	0.50
<b>Dividends on Ordinary shares declared but not recognised as a liability at 31 December</b>				
	-	-	-	-

### 8 LOSS PER ORDINARY SHARE

The calculations of basic and diluted loss per Ordinary share are based on the loss for the year of £1,337,000 (2018: loss £1,399,000) and on the following share capital data:

	2019	2018
Basic weighted average number of Ordinary shares	203,731,150	203,731,150
Diluted weighted average number of Ordinary shares	203,731,150	203,731,150

### 9 INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

#### (A) Subsidiaries

	Company	
	2019	2018
	£000s	£000s
At 1 January	3,294	4,033
Impairment	(1,079)	(739)
At 31 December	2,215	3,294

The impairment of the investment in subsidiaries arose as a result of ongoing operating losses.

The Company's investment in its fully consolidated subsidiary undertakings at 31 December 2019 comprises:

Name	Country of incorporation	Holding	Functional currency	Principal activity
Leumas (Jersey) Limited <sup>(i)</sup>	Jersey	100%	GBP	Investment company
RAB Capital Limited <sup>(i)</sup>	England	100%	GBP	Investment management

(i) The year end of Leumas (Jersey) Limited is 31 March, whilst that of RAB Capital Limited is 31 December.

# RAB Capital Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

### (B) Associates and joint ventures

Group	2019			2018		
	Associates £000s	Joint Ventures £000s	Total £000s	Associates £000s	Joint Ventures £000s	Total £000s
At 1 January	-	9,151	9,151	2,497	6,935	9,432
Additions	-	225	225	-	260	260
Transfer from Associate to JV	-	-	-	(2,497)	2,497	-
Disposals	-	-	-	-	(660)	(660)
(Loss)/profit after tax in year	-	(153)	(153)	-	119	119
At 31 December	-	9,223	9,223	-	9,151	9,151
<b>Company</b>						
At 1 January	-	9,299	9,299	2,500	7,139	9,639
Additions	-	225	225	-	260	260
Disposals	-	-	-	-	(600)	(600)
Transfer from Associate to JV	-	-	-	(2,500)	2,500	-
At 31 December	-	9,524	9,524	-	9,299	9,299

Information on the Group's associates and joint ventures is as follows:

Name	Status	Country of incorporation	Principal activity	Statutory year end	Group ownership
Wisley Property Investments Limited ("WPIL", "Wisley Airfield")	Joint Venture	Cayman Islands	Property SPV	31-Mar	50%
L D Developments Limited ("LDD", the "Jersey JV")	Joint Venture	Jersey	Property SPV	31-Dec	30%
Musgrave Financial Limited ("Musgrave")	Joint Venture	England & Wales	Marketing advice	31-Dec	25%

Period ended / as at	Musgrave		WPIL		LDD	
	31/12/19 £000s	31/12/18 £000s	31/03/19 £000s	31/03/18 £000s	31/12/19 £000s	31/12/18 £000s
Assets	102	437	14,392	13,919	17,622	13,194
Liabilities	(13)	(86)	(86)	(65)	(11,211)	(6,984)
Revenues	74	670	15	15	16	15
Pre-tax profit/(loss)	59	420	(47)	(55)	(10)	(14)
Weighted average interest held during period	25%	25%	50%	50%	30%	40%

# RAB Capital Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

### 10 PROPERTY, PLANT AND EQUIPMENT

	Group		
	Office equipment £000s	Furniture and fixtures £000s	Total £000s
<b>Cost</b>			
At 1 January 2018	42	94	136
Additions	8	-	8
Disposals	(2)	-	(2)
At 31 December 2018	48	94	142
Additions	1	-	1
Disposals	(4)	-	(4)
At 31 December 2019	45	94	139
<b>Depreciation</b>			
At 1 January 2018	36	87	123
Charge for the year	5	2	7
Disposals	(2)	-	(2)
At 31 December 2018	39	89	128
Charge for the year	5	2	7
Disposals	(3)	-	(3)
At 31 December 2019	41	91	132
<b>Net book amount</b>			
At 1 January 2018	6	7	13
At 31 December 2018	9	5	14
At 31 December 2019	4	3	7

### 11 INVESTMENTS HELD AT FAIR VALUE

#### (A) Movement in fair value

	Group		Company	
	2019 £000s	2018 £000s	2019 £000s	2018 £000s
At 1 January	9,316	9,981	8,198	8,869
Additions	-	2,153	-	2,153
Disposals	(1,270)	(2,207)	(1,061)	(2,030)
Loss on movement in fair value	(467)	(611)	(171)	(794)
At 31 December	7,579	9,316	6,966	8,198

#### (B) Fair value hierarchy

The table below analyses investments held at FVPL, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset are not based on observable market data (unobservable inputs).

	Group		Company	
	2019 £000s	2018 £000s	2019 £000s	2018 £000s
Level 1	680	1,743	680	1,743
Level 2	2,713	5,472	2,548	5,307
Level 3	4,186	2,101	3,738	1,148
At 31 December	7,579	9,316	6,966	8,198



# RAB Capital Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2019

The following table is a reconciliation of the movements in financial assets classified as Level 3:

	Group		Company	
	2019 £000s	2018 £000s	2019 £000s	2018 £000s
At 1 January	2,101	2,695	1,148	1,748
Additions	-	-	-	-
Disposals	(209)	(177)	-	-
Transfers (to)/from level 2	2,484	(490)	2,484	(490)
Recognised in the statement of profit or loss	(190)	73	106	(110)
At 31 December	4,186	2,101	3,738	1,148

Financial assets classified as Level 3 include investments in third party funds and investments in unlisted securities where the value is based on unobservable inputs. The determination of their fair value is described in the accounting policies and is based on a number of unobservable inputs. A change in any of these inputs could result in a significant increase or decrease in the fair value. RAB estimates that a 15% increase/decrease will have a favourable/unfavourable impact on the valuation of £628,000 (2018: £315,000) (Company: £561,000; 2018: £172,000).

## 12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 £000s	2018 £000s	2019 £000s	2018 £000s
<b>Current</b>				
Trade receivables	13	23	-	-
Amounts due from joint ventures (see Note 16)	150	155	150	150
Loans	-	-	-	-
Prepayments and accrued income	258	80	199	1
Other taxation	4	3	-	-
Other debtors	-	-	-	-
	425	261	349	151

	Group		Company	
	2019 £000s	2018 £000s	2019 £000s	2018 £000s
<b>Non-current</b>				
Rent deposit and capitalised lease legal expenses	15	17	-	-
Prepayments and accrued income	-	-	-	-
	15	17	-	-

Trade receivables mainly comprise amounts due from tenants. Other debtors relates to interest due on loans.

## 13 TRADE AND OTHER PAYABLES

	Group		Company	
	2019 £000s	2018 £000s	2019 £000s	2018 £000s
Amounts due to Group undertakings (see Note 16)	-	-	1,301	2,039
Other taxation and social security	17	46	-	-
Trade payables	159	75	157	46
Accruals and deferred income	39	52	13	13
	215	173	1,471	2,098

Accruals and deferred income includes any accrual for employee bonuses.

# RAB Capital Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

### 14 CALLED UP SHARE CAPITAL

Allotted, called up and fully paid

	Ordinary shares of 0.1p each	
	Number of shares	£000s
At 1 January 2018	203,339,069	203
At 31 December 2018	203,339,069	203
At 31 December 2019	203,339,069	203

### 15 OTHER RESERVES

	Merger reserve £000s	Capital redemption reserve £000s	Total £000s
<b>Group</b>			
At 1 January 2018	29,897	1	29,898
At 1 January 2019	29,897	1	29,898
At 31 December 2019	29,897	1	29,898
<b>Company</b>			
At 1 January 2018	-	1	1
At 1 January 2019	-	1	1
At 31 December 2019	-	1	1

The merger reserve arose on the acquisition by the Company of RAB Capital Limited in 2011.

The capital redemption reserve is a non distributable reserve and was created on the cancellation of Ordinary share capital in 2012.

### 16 RELATED PARTIES

#### (A) Transactions with other group companies

##### (i) Group

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not required to be disclosed.

Details of transactions and balances between the Group and its joint ventures (as disclosed in Note 9) which are related parties are as follows:

	2019 £000s	2018 £000s
Desk rental income from joint ventures (see Note 2)	-	4
Amounts due from joint ventures (see Note 12)	150	155

##### (ii) Company

Details of transactions and balances between the Company and its subsidiaries, associates and joint ventures (as disclosed in Note 9) which are related parties are as follows:

	2019 £000s	2018 £000s
Management fees payable	-	(1)
Amounts due from joint ventures (see Note 12)	150	150
Amounts due to subsidiaries	(1,301)	(2,039)

The amounts due to and from the subsidiaries and joint ventures are not interest bearing and are repayable on demand.

# RAB Capital Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

### (B) Remuneration of key management personnel

Key management are defined as the Directors. The remuneration of the Directors is set out below in aggregate for each of the relevant categories specified in IAS 24 "Related Party Disclosures".

	2019 £000s	2018 £000s
Short-term employee benefits	136	143
Compensation for loss of office	-	-
Share-based payments	-	-
	<b>136</b>	<b>143</b>

Further information about the remuneration of Directors is provided in Note 4.

### (C) Transactions and balances with related parties

L D Developments Limited is a Joint Venture owned by the Company and Mr Richards, a Director of the Company. Further details of L D Developments Limited are disclosed in note 9.

### 17 LEASES

The Group leases its office and some low-value IT equipment. Information about leases for which the Group is the lessee is presented below.

RAB Capital Limited is committed to make payments under a non-cancellable lease of land and buildings relating to part of the 1 Adam Street office which was entered into on 2 December 2017. The lease has a five year term and is cancellable by either party on the third anniversary. There are no rent review dates before expiry of the lease.

Fees are earned from renting out spare desk space.

#### (A) Right-of-use assets

	Land and buildings 2019 £000s
Net carrying value at 31 December 2018	-
Impact of adoption of IFRS 16	187
Net carrying value at 1 January	187
Depreciation charge in year	(47)
Net carrying value at 31 December	<b>140</b>

#### (B) Lease liability

The following tables show the discounted lease liabilities included in the Company balance sheet and a maturity analysis of

	2019 £000s
Current	44
Non-current	97
	<b>141</b>

	2019 £000s
Maturity analysis – contractual undiscounted lease payments	
Within one year	49
Greater than one year but less than five years	100
More than five years	-
	<b>149</b>

#### (C) Amounts recognised in the income statement

	2019 £000s
Interest on lease liabilities	7
Expenses relating to short-term leases	2

# RAB Capital Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

### (D) Amounts recognised in the statement of cash flows

	2019 £000s
Total cash outflow for leases	59

## 18 FINANCIAL INSTRUMENTS

### (A) Introduction and overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Directors have overall responsibility for the system of internal control, including financial, operational, compliance and risk management controls. Internal controls include the organisational structure and the delegation of authority within the Group. The maintenance of this control system rests with the executive Directors and is designed to manage risk within acceptable limits.

### (B) Credit risk

Credit risk is the risk of financial loss to the Group if the counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from fees due from funds, rents due from tenants and deposits placed with financial institutions.

The Directors are responsible for oversight of the Group's credit risk. Cash and short-term deposits are distributed across a range of major financial institutions. Trade receivables are monitored and reviewed for collectability on a regular basis.

A provision for individually impaired trade receivables was not considered necessary for amounts outstanding at the statement of financial position date. Furthermore, all trade receivables at the statement of financial position date were transacted in accordance with original terms and conditions, with no instances of renegotiation.

Financial assets exposed to credit risk:

	Group		Company	
	2019	2018	2019	2018
	£000s	£000s	£000s	£000s
Cash and cash equivalents	692	476	444	367
Trade receivables (see Note 12)	13	23	-	-
Loans (see Note 12)	-	-	-	-
Other taxation (see Note 12)	4	3	-	-
Other debtors (see Note 12)	-	-	-	-
	709	502	444	367

## RAB Capital Holdings Limited

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

The table below analyses the age and collectability of trade receivables:

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>£000s</b>	<b>£000s</b>
<b>Impaired</b>		
	-	-
<b>Past due but not impaired</b>		
Low risk	-	-
<b>Past due comprises:</b>		
31-60 days	-	-
61-90 days	-	-
91-120 days	-	-
121 days +	-	-
Carrying amount	-	-
<b>Neither past due nor impaired</b>		
Low risk	13	23
Allowance for impairment losses	-	-
<b>Total carrying amount (see Note 12)</b>	<b>13</b>	<b>23</b>

No collateral is held in respect of trade receivables.

The table below analyses the long term credit quality of cash and cash equivalents according to Moody's:

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
AA	-	-	-	-
A	-	-	-	-
Baa	209	102	-	-
Not rated	483	374	444	367
	<b>692</b>	<b>476</b>	<b>444</b>	<b>367</b>

#### (C) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities.

The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient available funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable charges or risking damage to the Group's reputation.

# RAB Capital Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

### (i) Financial assets and liabilities

The table below analyses the maturity profile of the Group's financial assets and liabilities:

Group	2019		2018	
	Less than 1 year £000s	1-5 years £000s	Less than 1 year £000s	1-5 years £000s
<b>Financial assets</b>				
Investments held at FVPL / as available-for-sale	7,579	-	9,316	-
Cash and cash equivalents	692	-	476	-
Trade receivables	13	-	23	-
Loans	-	-	-	-
Other taxation	4	-	3	-
Other debtors	-	-	-	-
	<b>8,288</b>	<b>-</b>	<b>9,818</b>	<b>-</b>
<b>Financial liabilities</b>				
Other taxation and social security	17	-	46	-
Trade payables	159	-	75	-
	<b>176</b>	<b>-</b>	<b>121</b>	<b>-</b>

Company	2019		2018	
	Less than 1 year £000s	1-5 years £000s	Less than 1 year £000s	1-5 years £000s
<b>Financial assets</b>				
Investments held at FVPL / as available-for-sale	6,966	-	8,198	-
Cash and cash equivalents	444	-	367	-
Loans	-	-	-	-
Other debtors	-	-	-	-
	<b>7,410</b>	<b>-</b>	<b>8,565</b>	<b>-</b>
<b>Financial liabilities</b>				
Amounts due to Group undertakings	1,301	-	2,039	-
Trade payables	157	-	46	-
	<b>1,458</b>	<b>-</b>	<b>2,085</b>	<b>-</b>

### (ii) Operating leases and capital commitments

See note 17 for information on operating leases held by the Group. The Group had no capital commitments at the statement of financial position date.

### (D) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange, interest rates and other market prices, affect the Group's income or the value of its financial instruments. The objective of market risk management is to manage market risk exposure so that it remains within acceptable parameters while optimising returns.

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates.

The following Pound Sterling rates of exchange were used in the preparation of these financial statements:

	Closing Rate		Average Rate	
	2019	2018	2019	2018
US Dollar	1.33	1.27	1.28	1.33
Canadian Dollar	1.72	1.74	1.70	1.73
Euro	1.18	1.11	1.14	1.13

The Group had no forward foreign exchange contracts outstanding at 31 December 2019 (2018: none).

# RAB Capital Holdings Limited

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

The foreign exchange exposure in investments held at FVPL is managed as part of the overall market price risk.

The table below shows the carrying amounts of the Group's foreign currency denominated financial assets and liabilities at the reporting date:

Group	Assets		Liabilities	
	2019 £000s	2018 £000s	2019 £000s	2018 £000s
US Dollar	954	1,605	-	-
Euro	2,266	2,413	-	-
Canadian Dollar	621	1,014	-	-
Japanese Yen	-	-	-	-
Hong Kong Dollar	-	-	-	-
	<b>3,841</b>	<b>5,032</b>	<b>-</b>	<b>-</b>
<b>Represented by:</b>				
Investments held at FVPL	3,841	5,032	-	-
Trade and other receivables	-	-	-	-
Cash and cash equivalents	-	-	-	-
Trade and other payables	-	-	-	-
	<b>3,841</b>	<b>5,032</b>	<b>-</b>	<b>-</b>

Company	Assets		Liabilities	
	2019 £000s	2018 £000s	2019 £000s	2018 £000s
US Dollar	506	652	-	-
Euro	2,266	2,413	-	-
Canadian Dollar	621	1,014	-	-
	<b>3,393</b>	<b>4,079</b>	<b>-</b>	<b>-</b>
<b>Represented by:</b>				
Investments held at FVPL	3,393	4,079	-	-
Trade and other receivables	-	-	-	-
	<b>3,393</b>	<b>4,079</b>	<b>-</b>	<b>-</b>

The following table details the Group's sensitivity to a 5% strengthening of the US Dollar and Euro against Sterling. For a 5% weakening of the relevant currency against Pound Sterling, there would be an equal and opposite positive impact.

Group	US Dollar impact		Euro impact	
	2019 £000s	2018 £000s	2019 £000s	2018 £000s
Impact on equity	48	80	113	121

### Interest rate risk

Excess cash and cash equivalents of the Group are placed in deposit accounts. As a result, the Group is subject to limited exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

A 0.25% fall in the average monthly interest rate obtained on the Group's cash and cash equivalents would reduce interest receivable and increase the loss before taxation by £3,000 (2018: £3,000) (Company: £2,000; 2018: £2,000). An increase of 0.25% would have an equal but opposite effect.

## RAB Capital Holdings Limited

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

#### *Other price risk*

The Group's investments held at FVPL are sensitive to movements in a diverse range of market prices. The following table details the Group's sensitivity to a 15% movement in the market value of investments held at FVPL at the statement of financial position date:

	Group		Company	
	2019 £000s	2018 £000s	2019 £000s	2018 £000s
Investments at fair value	1,137	1,397	1,045	1,230

It is assumed within all the sensitivity analysis that there is no tax applicable to any gains or losses.

#### **(E) Capital risk management**

The Group manages its capital through continuous review of its total working capital requirement and any regulatory capital requirements by the Directors at each board meeting.

#### **19 POST BALANCE SHEET EVENTS**

##### **Disposal of WPIL**

On 21 February 2020 RAB sold its shares in WPIL to a third party. The proceeds from the sale will be received in instalments over several years.

#### **20 ADOPTION OF IFRS 16**

The Group adopted IFRS 16 from 1 January 2019 and has chosen the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

On transition to IFRS 16 on 1 January 2019, the Group recognised £187 thousand of right-of-use assets and £193 thousand of lease liabilities, and reductions in prepayments of £14 thousand and accruals of £16 thousand. The difference has been recognised in retained earnings on 1 January 2019.

On measuring lease liabilities the Group used the discount rate implicit in the lease, estimated at 4%.