

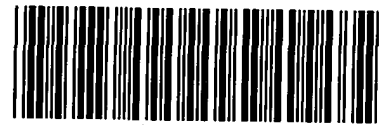
Bloc Ventures Limited

Registered Number 11119448

Financial Statements

For the year ended 31 December 2022

FRIDAY



BCD29Z6R

B15

29/09/2023

#45

COMPANIES HOUSE

Company Information

Directors

B N Beckloff
S J O Catlin
D J Leftley
P D Roy
S A Wren (resigned 22 February 2023)
A J Green
S R Prevezer
N M Nagda (appointed 10 May 2023)

Secretary

M P Neuberger (resigned 10 February 2023)

Registered Office

51-52, St. Johns Square, London, EC1V 4JL

Independent auditor

Lubbock Fine LLP
Paternoster House
65 St. Paul's Churchyard
London
EC4M 8AB

Table of contents

Company Information	1
Table of contents	2
Balance sheet	3
Notes to the financial statements	4-18

Bloc Ventures Limited

Company number 11119448

Balance sheet


As at 31 December 2022

	Notes	As at 31 December 2022 £	As at 31 December 2021 £
Non-current assets			
Property, plant & equipment	6	96,477	144,159
Receivables due after more than one year	8	440,675	1,339,104
Investments held at fair value through profit or loss	4	35,582,635	27,868,034
Other investments	5	3	3
		<u>36,119,790</u>	<u>29,351,300</u>
Current assets			
Trade and other receivables	8	1,223,197	194,014
Cash and cash equivalents	9	2,910,769	6,836,318
		<u>4,133,966</u>	<u>7,030,332</u>
TOTAL ASSETS		<u>40,253,756</u>	<u>36,381,632</u>
EQUITY			
Issued share capital	11	1,534,297	1,353,045
Share premium		26,907,378	22,494,645
Capital redemption reserve		434	270
Merger relief reserve	12	5,076,899	5,076,899
Retained earnings		6,346,905	7,100,780
TOTAL EQUITY		<u>39,865,913</u>	<u>36,025,639</u>
LIABILITIES			
Current liabilities			
Trade and other payables	10	357,477	278,428
Non-current lease liability	7	30,366	77,565
TOTAL LIABILITIES		<u>387,843</u>	<u>355,993</u>
TOTAL EQUITY AND LIABILITIES		<u>40,253,756</u>	<u>36,381,632</u>

The notes on pages 4 to 18 form part of these financial statements.

The accounts have been delivered in accordance with the provisions applicable to the small companies regime. The company has opted not to file the profit and loss account

These financial statements have been approved by the Board of Directors and signed on its behalf by:

DocuSigned by:

 770F57F77247449...
 B N Beckloff, Director
 28 September 2023

Registered company number: 11119448

Notes to the financial statements

For the Year ended 31 December 2022

1. Accounting policies

Bloc Ventures Limited is a private company limited by shares, incorporated and domiciled in England and Wales. Its registered address is 51-52 St John's Square, London EC1V 4JL.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the UK as they apply to financial statements of the company for the year ended 31 December 2022 and applied in accordance with the Companies Act 2006. These accounting policies were consistently applied for all the periods presented.

The financial statements are presented in Sterling which is the functional currency of the Company and rounded to the nearest £.

The financial statements have been prepared under the historical cost convention.

These financial statements were approved and authorised for issue by the board on 28 September 2023. Amendments to the financial statements are not permitted after approval.

In accordance with IFRS 10 paragraph 4, the company has taken the exemption not to present consolidated financial statements as it is an investing company that measures all of its investments at fair value through the Income statement.

Going concern

Based on current and forecasted performance, the directors expect there to continue to be sufficient cash headroom for at least 12 months from the date of approval of these financial statements.

At 31 August 2023, Bloc Ventures' cash balance was £1,042,539 following funding to their portfolio companies. Ultimately, portfolio disposals will fund new investments but in the medium term, Bloc Ventures will continue to raise new equity to fund the build out of its portfolio.

Furthermore, based on current and forecasted performance, the directors consider that the company will ultimately be profitable and cash generative. The directors have prepared forecasts and believe that these forecasts demonstrate that the company has adequate cash resources to continue to be able to pay its liabilities as they fall due for at least the next 12 months. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Statement of compliance

The company has complied with all current International Financial Reporting Standards. There were no new adoptions during the 2022 year.

At the date of authorisation of these financial statements, the company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- IFRS 17 'Insurance Contracts'

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the company in future periods.

Notes to the financial statements

For the year ended 31 December 2022

Revenue recognition

Revenue is derived from consulting activities.

Consulting and similar income is measured at the fair value of the consideration receivable, excluding discounts, rebates and Value Added Taxes. Revenue from a contract to provide a service is recognised over time as the services are rendered based on either fixed price or hourly/daily rates.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Such cost includes the cost of replacing part of the property, plant and equipment when the cost is incurred, if the recognition criteria are met, in which case the carrying value of the replaced part is written off. All major repairs and maintenance costs are recognised in the income statement as incurred.

Depreciation is calculated on a straight-line basis over the useful life of the asset as follows:

Plant and machinery	-	4 years
Right of Use Asset	-	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the period the asset is de-recognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial period end. The assets are reviewed for impairment if events or circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount.

Impairment of non-financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in the income statement as a highlighted item in the period in which they are incurred.

Investments and other financial assets

Investments and other financial assets are evaluated with reference to IFRS 9.

Investments in unlisted company shares are carried in the Balance Sheet at fair value with changes in fair value recognised in profit or loss if their fair value can be measured reliably. Investments are reported at a fair value as determined by the directors. Assistance in determining fair value is obtained from third party valuation providers. Unquoted investments are valued in accordance with the International Private Equity and Venture Capital Valuations ('IPEVCV') guidelines. The basis of valuation in these guidelines includes valuing investments at:

- a) The price of recent investments;
- b) Comparative industry price earnings ratios discounted for marketability and performance of investment, and;
- c) Net asset valuations for asset-based investments.

Included within investments are £2,750,000 (2021 - £4,485,000) of convertible loan note instruments issued by entities in which the company also holds investments in equity. These instruments meet the definition of hybrid instruments under IFRS 9 and are required to be held at fair value through profit or loss. Due to the uncertainty over the timing and terms of conversion which are both dependent on highly uncertain future events, the Directors consider that a wide range of fair value measurements are possible as at each year end. Accordingly, the Directors have concluded that, in line with IFRS 9, cost is the best estimate of fair value for these instruments.

Notes to the financial statements

For the year ended 31 December 2022

Notwithstanding the bases of valuation stated above, the eventual realisation proceeds will inevitably differ from the valuation and those differences could be significant.

The company determines the classifications of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial period end.

Loans and receivables

Loans and receivables are non-derivative financial assets with a fixed or determinable payment that are not quoted in an active market. After initial recognition loans and receivables are carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment of trade receivables

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the company will not be able to collect all the amounts due under the original terms of the invoice. The carrying amount of the receivables is reduced through use of an allowance account calculated as the change in lifetime expected credit losses and recognised in the income statement, in accordance with IFRS 9. Impaired debts are derecognised when they are assessed as uncollectable.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and short-term deposits with a maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Foreign currency translation

The consolidated financial statements are presented in Sterling, which is the functional currency of the company. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions (spot exchange rates). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at period end exchange rates are recognised in profit or loss. Non-monetary items are not retranslated at period end and are measured at historical cost (translated using exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Financial liabilities

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

De-recognition of liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Leases

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

The adoption of this new Standard resulted in the company recognising a right-of-use asset and related lease liability in connection with an office space that was leased during the previous year for a five-year period. There were no former operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019, except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

Notes to the financial statements

For the year ended 31 December 2022

For contracts in place at the date of initial application, the company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The company has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 5%.

Provisions

Provisions are recognised when the company has a probable, present legal or constructive obligation to make a transfer of economic benefits as a result of past events where a reliable estimate is available. The amounts recognised represent the company's best estimate of the transfer of benefits that will be required to settle the obligation as of the balance sheet date. Provisions are discounted if the effect of the time value of money is material using a pre-tax market rate adjusted for risks specific to the liability.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary difference associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference 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 deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that the future taxable profit will allow the deferred tax asset to be recovered.

Notes to the financial statements

For the year ended 31 December 2022

2. Significant accounting judgements and assumptions

The preparation of the company's financial statements requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the statement of financial position date, amounts reported for revenues and expenses during the period, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future.

In the process of applying the company's accounting policies, management has made the following judgements and estimates which have the most significant effect on the amounts recognised in the financial statements:

Judgements

Investments at fair value through profit or loss

The most critical estimates and judgements relate to the determination of the carrying value of investments at fair value through profit or loss. In determining this amount, the company follows the International Private Equity and Venture Capital Guidelines, applying the overriding concept that fair value is the amount for which an asset can be exchanged between two knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology. The Company engaged the services of Cabrillo Advisors, a technology valuation specialist based in California, USA, to carry out an independent valuation which covered 9 portfolio companies. Cabrillo Advisors ultimately concluded that there was no material difference between the fair value and carrying value of the portfolio at year-end.

As specified in Note 1, included within investments are convertible loan note instruments that are required to be held at fair value through profit or loss. The Directors have concluded that cost is a best estimate of fair value in the case of all convertible loan instruments held. In forming this conclusion, the Directors have considered all information available to the company and a wide variety of potential indicators that cost could not be an appropriate estimate of fair value. Following this assessment, the Directors consider that cost does not materially differ from true fair value for these instruments.

Deferred tax

The Directors consider that the Substantial Shareholdings Exemption ('SSE') will apply to the unrealised gains included in the financial statements hence no provision has been made for deferred tax on those gains.

3. Employee information

The average number of people employed (including executive directors) during the period was 10 (2021:10)

Notes to the financial statements

For the year ended 31 December 2022

4. Investments

Change in portfolio valuations from 1 January 2022 to 31 December 2022:

<u>Company</u>	<u>Cost £</u>	<u>Valuation</u> <u>31.12.2021</u>	<u>Additions</u> <u>Cost £</u>	<u>Disposal £</u>	<u>Impairment</u>	<u>Revaluation</u>	<u>Valuation</u> <u>31.12.2022</u>
Digimarc Corporation \$	998,981	1,109,626	26,096	-	(888,407)	(30,774)	216,541
YellowDog Limited	4,165,390	5,580,773	598,658	-	-	298,657	6,478,088
Zeetta Networks Limited	4,007,156	4,007,156	600,000	-	(4,607,156)	-	-
Yordex Limited	2,639,596	3,139,210	1,205,940	-	-	1,305,903	5,651,053
AccelerComm Limited	2,999,984	3,809,232	1,000,000	-	-	-	4,809,232
Pharrowtech BV €	2,557,301	2,454,190	1,676,332	-	-	4,171,591	8,302,114
Crypta Labs Limited	2,000,023	2,000,023	275,001	-	-	77,726	2,352,750
Paytia Limited	1,000,048	1,000,048	200,056	-	-	312,138	1,512,242
MindTrace Limited	1,050,013	1,050,013	499,995	-	-	-	1,550,008
Shield I.O.T Ltd \$	2,205,882	2,217,803	243,197	-	-	249,609	2,710,609
Helix Technologies Limited	1,499,960	1,499,960	500,038	-	-	-	1,999,998
	25,124,334	27,868,034	6,825,313	-	(5,495,563)	6,384,850	35,582,635

During the year to 31 December 2022 accrued interest of £184,874 on convertible loan notes in investment companies YellowDog Limited, Yordex Limited, Evrythng Limited and Pharrowtech BV was converted into equity. This amount has been included in the additions cost above. £135,000 of fee notes were also converted into equity (YellowDog Limited and Zeetta Limited) and this is also included in the additions total above.

On 3rd January 2022 Digimarc Corporation acquired the entire issued share capital of Evrythng Limited. The aggregate consideration was to be paid in two tranches and received in the form of the purchaser's common stock and granting of warrants. The amount of purchaser common stock issued on the first tranche was calculated based on a 20-day volume-weighted average price of the stock of \$47.4823. Accordingly, 13,952 shares were issued on 3 January 2022. On 2nd March 2022, Digimarc Corporation advised that the Evrythng Limited's annual recurring revenue at 28 February 2022 was not expected to be materially above the required level. Therefore, there was no material receipt of stock at the proposed second tranche. The impact of not achieving the revenue hurdle and the subsequent performance of the acquirer's share price resulted in an impairment of £888,407 in March 2022.

The investment in Zeetta Networks Limited was impaired fully at 31 December 2022, a further impairment charge of £380,000 was recognised in the profit and loss subsequent to the year end in respect of subsequent additions. A provision for doubtful debts was raised in relation to accrued interest and Directors fees to the amount of £452,275 and £11,667 respectively.

Notes to the financial statements

For the year ended 31 December 2022

Change in portfolio valuations from 1 January 2021 to 31 December 2021:

<u>Company</u>	<u>Cost £</u>	<u>Valuation</u> <u>31.12.2020</u>	<u>Additions</u> <u>Cost £</u>	<u>Disposal £</u>	<u>Reclassific-</u> <u>ation</u>	<u>Impairment</u>	<u>Revaluation</u>	<u>Valuation</u> <u>31.12.2021</u>
Marmalade Game Studio Limited	1,826,500	13,800,000	-	(9,341,574)	(1,000,000)	-	(3,458,426)	-
EVERYTHNG Limited \$	998,981	1,100,512	-	-	-	-	9,114	1,109,626
Tether Technology Limited	825,002	854,653	310,000	-	-	(1,164,653)	-	-
YellowDog Limited	4,000,004	4,471,216	165,386	-	-	-	944,171	5,580,773
Zeetta Networks Limited	2,250,005	2,250,005	1,757,151	-	-	-	-	4,007,156
Yordex Limited	1,500,000	1,500,000	1,139,596	-	-	-	499,614	3,139,210
AccelerComm Limited	2,999,984	3,809,232	-	-	-	-	-	3,809,232
Pharrowtech BV €	2,205,403	2,234,315	351,898	-	-	-	(132,023)	2,454,190
Crypta Labs Limited	1,500,023	1,500,023	500,000	-	-	-	-	2,000,023
Paytia Limited	1,000,048	1,000,048	-	-	-	-	-	1,000,048
MindTrace Limited	-	-	1,050,013	-	-	-	-	1,050,013
Shield I.O.T Ltd \$	-	-	2,205,882	-	-	-	11,921	2,217,803
Helix Technologies Limited	-	-	1,499,960	-	-	-	-	1,499,960
	19,105,950	32,520,004	8,979,886	(9,341,574)	(1,000,000)	(1,164,653)	(2,125,629)	27,868,034

5. Investment in subsidiaries

The company set up three wholly owned subsidiaries, Bloc Ventures Directors Limited, Bloc Ventures Management Limited and Bloc Nominee (Bridgerton) Limited. The company owns 100% of the ordinary shares and voting rights in each. At 31 December 2022 £3 of ordinary shares in subsidiaries were held (2021: £3).

At the year-end Bloc Ventures Management Limited owed the company £0 (2021: £5,000) and the company owed Bloc Ventures Directors Limited £0 for services provided (2021: £1,250).

6. Property, plant and equipment

	<i>Plant and machinery</i>	<i>Right of Use Asset</i>	<i>Total</i>
	£	£	£
<i>Cost</i>			
<i>At 1 January 2021</i>	35,224	231,429	266,653
Additions	9,806	-	9,806
Disposals	(3,452)	-	(3,452)
At 31 December 2021	41,578	231,429	273,007
Additions	11,545	-	11,545
Disposals	(4,676)	-	(4,676)
At 31 December 2022	48,447	231,429	279,876
<i>Depreciation:</i>			
<i>As at 1 January 2021</i>	9,055	65,572	74,627

Notes to the financial statements

For the year ended 31 December 2022

Continued

Charge for the year	10,318	46,286	56,604
Elimination on disposal	(2,383)	-	(2,383)
At 31 December 2021	16,990	111,858	128,848
Charge for the year	10,349	46,285	56,634
Elimination on disposal	(2,083)	-	(2,083)
At 31 December 2022	25,256	158,143	183,399
Net Book Value:			
At 31 December 2022	£23,191	£73,286	£96,477
At 31 December 2021	£24,588	£119,571	£144,159

The Right of Use Asset relates to a leased office space, the lease analysis is detailed in note 7.

7. Leases

Lease liabilities are presented in the statement of financial position as follows:

	<i>Year Ended</i> <i>31 December</i> <i>2022</i> <i>£</i>	<i>Year Ended</i> <i>31 December</i> <i>2021</i> <i>£</i>
Current	47,199	34,893
Non-Current	30,366	77,565
	77,565	112,458

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

	Within 1 year £	1-2 Years £	Total £	
31 December 2022				
Lease payments	52,574	31,232	83,806	
Finance charged	(5,375)	(866)	(6,241)	
Net present values	47,199	30,366	77,565	
	Within 1 year £	1-2 Years £	2-3 Years £	Total £
31 December 2021				
Lease payments	43,788	52,574	31,256	127,618
Finance charged	(8,895)	(5,375)	(890)	(15,160)
Net present values	34,893	47,199	30,366	112,458

Notes to the financial statements

For the year ended 31 December 2022

8. Trade and other receivables

	<i>As at 31 December 2022</i>	<i>As at 31 December 2021</i>
	<i>£</i>	<i>£</i>
Trade receivables	126,333	159,706
Amounts owed by Group undertakings	-	5,000
Prepayments and accrued income	512,134	346,549
Other debtors	2,123	1,800
Deposits	23,282	20,063
Long term loan	1,000,000	1,000,000
	£1,663,872	£1,533,118
Amounts due within one year	£1,223,197	£194,014
Amounts due after more than one year	£440,675	£1,339,104

Trade receivables are non-interest bearing. All outstanding trade receivables are considered to be recoverable.

Amounts due after more than one year includes accrued interest of £417,393 (2021: £319,041) due from investment portfolio companies listed in note 4.

The long term loan was repaid in full in May 2023.

9. Cash and cash equivalents

	<i>As at 31 December 2022</i>	<i>As at 31 December 2021</i>
	<i>£</i>	<i>£</i>
Cash and cash equivalents	£2,910,769	£6,836,318

10. Trade and other payables

	<i>As at 31 December 2022</i>	<i>As at 31 December 2021</i>
	<i>£</i>	<i>£</i>
Trade payables	9,486	17,821
Other trade payables	1,415	381
Accruals and deferred revenue	214,197	163,934
Pension contributions payable	709	666
Rental lease	47,199	34,893
Other taxes and social security costs	84,471	59,483
Amounts owed to Group undertakings	-	1,250
	£357,477	£278,428

Notes to the financial statements

For the year ended 31 December 2022

Non-current lease liability		As at 31 December 2022	As at 31 December 2021
		£	£
Rental lease	1-5 years (note 7)	£30,366	£77,565

11. Issued capital

Ordinary shares called up and fully paid at 31 December 2022

<i>Ordinary shares issued and fully paid</i>	<i>Number</i>	<i>Nominal value</i>
Ordinary shares of £1 each	1,197,134	£1,197,134
A Ordinary preference shares of £1 each	334,400	£334,400
A Growth shares of £0.01 each	215,008	£2,150
B Growth shares of £0.01 each	61,334	£613
Total		£1,534,297

Ordinary shares called up and fully paid at 31 December 2021

<i>Ordinary shares issued and fully paid</i>	<i>Number</i>	<i>Nominal value</i>
Ordinary shares of £1 each	1,017,046	£1,017,046
A Ordinary preference shares of £1 each	334,400	£334,400
A Growth shares of £0.01 each	116,320	£1,163
B Growth shares of £0.01 each	43,580	£436
Total		£1,353,045

Ordinary shares issued during the year to 31 December 2022

<i>Ordinary shares issued during the year</i>	<i>Number</i>	<i>Consideration Received Net of costs</i>
Ordinary shares of £1 each (note 12)	180,088	£4,502,971
A Growth shares of £0.01 each (note 12)	109,788	£90,026
B Growth shares of £0.01 each (note 12)	23,054	£1,153
Total		£4,594,150

Ordinary shares issued during the year to 31 December 2021

<i>Ordinary shares issued during the year</i>	<i>Number</i>	<i>Consideration Received Net of costs</i>
Ordinary shares of £1 each (note 12)	80,084	£2,947,495
A Growth shares of £0.01 each (note 12)	-	-
B Growth shares of £0.01 each (note 12)	43,580	£2,179
Total		£2,949,674

Notes to the financial statements

For the year ended 31 December 2022

Description of terms of the shares:

Ordinary shares of £1

The shares have full rights in the company with respect to voting, dividends and distributions.

A Ordinary preference shares of £1

The shares are participating preference shares with a 1 x liquidation preference and full rights in the company with respect to voting, dividends and distributions.

A Growth shares of £0.01

The A Growth shares do not confer voting (save in respect of a vote pertaining to a variation of class rights) nor dividend/income rights, nor do they confer rights of redemption. On a return of assets on a sale, liquidation, reduction of capital or otherwise (including an asset sale), the capital proceeds shall be distributed as follows:

1. Firstly, the holders of A Ordinary shares shall receive an amount equal to the subscription price paid for each A Ordinary share.
2. Thereafter the holders of Ordinary shares and A Ordinary shares shall participate in the balance of the surplus assets pro rata to their respective shareholdings, provided that the A Growth shares shall also participate if the net capitalisation value of the company is equal to or greater than £50,000,000. Net capitalisation value is defined in the Articles of Association and means the Capitalisation Value less any equity investment (including any investment through the subscription for shares or Convertible Securities) or any capital contribution to the Company or any subsidiary of the Company made by any current or future shareholder of the Company or any subsidiary of the Company after 31 March 2018.

B Growth shares of £0.01

The B Growth shares do not confer voting (save in respect of a vote pertaining to a variation of class rights) nor dividend/income rights, nor do they confer rights of redemption on a return of asset.

1. Firstly, the holders of A Ordinary shares shall receive an amount equal to the subscription price paid for each A Ordinary share.
2. Thereafter the holders of Ordinary shares and A Ordinary shares shall participate in the balance of the surplus assets pro rata to their respective shareholdings, provided that the B Growth shares shall also participate if the net capitalisation value of the company is equal to or greater than £75,000,000. Net capitalisation value is defined in the Articles of Association and means the Capitalisation Value less any equity investment (including any investment through the subscription for shares or Convertible Securities) or any capital contribution to the Company or any subsidiary of the Company made by any current or future shareholder of the Company or any subsidiary of the Company after 31 March 2018.

12. Share issues

Share for share exchange in 2018

The business of Bloc Ventures Limited was conducted through a Guernsey based group, Bloc Ventures Holdings Limited registered number 59001 ('BVH') until February 2018 when, following changes to tax legislation it was decided to relocate the business to the UK. The net assets of BVH (£5,543,299) were transferred to Bloc Ventures Limited ('BVL') in February 2018 by way of a share for share exchange which was represented in the accounts as Share Capital at its pre transfer nominal value of £466,400 (£200,000 Ordinary shares and £266,400 A Ordinary shares) and a Merger Relief Reserve of £5,076,899.

Other share issues

Further shares were issued during the year as follows (before issue costs):

	Number	Nominal value	Premium	Total proceeds
Ordinary £1 shares	180,088	£180,088	£4,393,692	£4,573,780
A Growth	109,788	£1,098	£88,928	£90,026
B Growth	23,054	£231	£922	£1,153
Total		£181,417	£4,483,542	£4,664,959

Notes to the financial statements

For the year ended 31 December 2022

Shares issued in the year to 31 December 2021

	Number	Nominal value	Premium	Total proceeds
Ordinary £1 shares	80,084	£80,084	£2,867,411	£2,947,495
A Growth	43,580	£436	£1,743	£2,179
Total		£80,520	£2,869,154	£2,949,674

Company share buyback

	Number	Nominal value	Premium	Total proceeds
A Growth	11,100	£111	£444	£555
B Growth	5,300	£53	£212	£265
Total		£164	£656	£820

In July 2022 the company bought back 11,100 A Growth shares and 5,300 B Growth shares at £0.05 pence per share. The Capital redemption reserve has been increased by £164.

13. Deferred consideration

The consideration arising from the sale of Marmalade Game Studio Limited ("Marmalade") in September 2021 comprised of cash, as well as deferred consideration of £3,455,907. Due to not meeting the asset recognition criteria, the deferred consideration was derecognised in the 2021 financial year. The directors consider that as at 31 December 2022 this consideration does not meet the criteria for recognition as an asset or disclosure as a contingent asset. The deferred consideration is payable on Marmalade achieving £5.5m EBITDA in calendar years 2021, 2022, 2023 and 2024 respectively. The targets for 2021 and 2022 were not achieved, however there is a full catch-up mechanism to allow for the deferred consideration to be paid in the latter years where EBITDA targets were not achieved in the prior years. Should Marmalade achieve its EBITDA targets in 2023 and 2024, the fair value adjustment will be reversed in the period of receipt.

	Within 1 year	1-2 Years	2-3 Years	Total
	£	£	£	£
Deferred consideration	-	2,403,592	1,052,315	3,455,907
Total	-	2,403,592	1,052,315	3,455,907

14. Related party transactions

The company considers its key management personnel to be its executive directors.

25,000 A Growth shares of £0.01 (2021: -) were issued to related parties of executive directors for their fair market value of £0.82 per share.

2,500 A Growth shares of £0.01 (2021: -) were issued to non-executive directors for their fair market value of £0.82 per share.

0 B Growth shares of £0.01 (2021: 22,500) were issued to the executive directors.

Consultancy revenue totalling £189,085 (2021: £213,508) was earned in the year relating to portfolio company non-executive director and consulting fees. Bloc Ventures Limited does not exercise control or management through any of these positions.

Notes to the financial statements

For the year ended 31 December 2022

During the period, a company controlled by a director, invested a total £125,000 (2021: £1,100,000) in Bloc portfolio companies. The company also invested £20,500 (2021: £1,000,000) in Bloc Ventures Limited.

During the period directors invested £2,050 (2021: £260,390) in Bloc Ventures Limited and portfolio companies.

15. Financial risk management

The company's activities expose it to market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk arising from the financial instruments it holds. The risk management policies employed by the company to manage these risks are discussed below:

<i>Financial assets</i>	<i>As at 31 December 2022 £</i>	<i>As at 31 December 2021 £</i>
Trade and other receivables	1,584,132	1,505,610
Cash and cash equivalents	2,910,769	6,836,318
	4,494,901	8,341,928

Financial Instruments by Category

	<i>Loans and receivables</i>	<i>Fair value through profit or loss</i>	<i>Liabilities at amortised cost</i>	<i>As at 31 December 2022 Total</i>	<i>As at 31 December 2021 Total</i>
Non-current assets					
Investments at fair value through profit and loss	-	£35,582,635	-	£35,582,635	£27,868,034
Other receivables	£440,675	-	-	£440,675	£1,339,104
Current assets					
Trade and other receivables	£1,143,457	-	-	£1,143,457	£166,506
Current liabilities					
Trade and other payables	-	-	(£273,006)	(£273,006)	(£218,945)
Long term liabilities					
Lease assets over 1 year	-	-	(£30,366)	(£30,366)	(£77,565)
Total	£1,584,132	£35,582,635	(£303,372)	£36,863,395	£29,077,134

Fair value of financial instruments

All investments measured at fair value in the statement of financial position are classed as Level 3 in the fair value hierarchy. The company holds investments that have been designated as held for trading on initial recognition. Where practicable the company determines the fair value of these financial instruments that are not quoted (level 3) using the most recent bid price at which a transaction has been carried out or through a discounted cash flow model which values the investment based on estimates of future cash-flows with an appropriate discount rate including references to industry valuation benchmarks. These techniques are significantly affected by key assumptions, such as market liquidity.

Notes to the financial statements

For the year ended 31 December 2022

	On demand	Less than 1 year	Between 1- 5 years	More than 5 years	Total 2022	Total 2021
	£	£	£	£	£	£
Financial assets at fair value through profit and loss	-	-	-	35,582,635	35,582,635	27,868,034
Trade and other receivables	-	1,143,457	440,675	-	1,584,132	1,505,610
Cash and cash equivalents	2,910,769	-	-	-	2,910,769	6,836,318
Total assets	2,910,769	1,143,457	440,675	35,582,635	40,077,536	36,209,962
Trade and other payables	-	(273,006)	(30,366)	-	(303,372)	(296,510)
Total liabilities	-	(273,006)	(30,366)	-	(303,372)	(296,510)
Total liquidity gap	2,910,769	870,451	410,309	35,582,635	39,774,164	35,913,452

Trade and other receivables are non-derivative financial assets. The carrying value may be affected by changes in the credit risk of the counterparties.

Management assessed that the carrying value of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their fair values largely due to the short-term maturities of these instruments.

Investments

Investments held at fair value **£35,582,635** (2021: £27,868,034)

Market risk

The company is susceptible to market price risk arising from uncertainties about the future values of its investments. To manage the market risk, the Board reviews the performance of its investment portfolio and is in regular contact with the investee companies.

A 10% change in the value of its investments would increase/decrease the net assets attributable to shareholders by £3,558,263 (2021: £2,786,803)

Currency risk

68.4% (2021: 80%) of the investment portfolio is denominated in the same currency as the company's functional currency. Two investments are denominated in US dollars, and one in Euros. A 10% change in the exchange rate would increase/decrease the value of the investment by £1,122,926 (2021: £558,162).

Liquidity risk

Liquidity risk is the risk that the company may not be able to generate sufficient cash resources to settle its obligations as they fall due or can only do so on terms materially disadvantageous. The board manages this risk by ensuring sufficient funds are available to meet outstanding commitments.

Credit Risk

The company takes on exposure to credit risk, which is the risk that one party will cause financial loss for the other party by failing to discharge an obligation.

Capital management

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt, cash and equity balances.

The capital structure of the company consists of cash and equity, comprising issued capital, reserves and retained earnings. The company's board reviews the capital structure on a regular basis.

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

Notes to the financial statements

For the year ended 31 December 2022

16. Audit Report

These financial statements have been prepared for the purpose of filing with Companies House and no Statement of Comprehensive Income or Directors' Report is included within this set of financial statements. The full financial statements have been subject to audit and there were no qualifications or modifications to the audit report within the full financial statements. The audit was undertaken by Lubbock Fine Chartered Accountants & Statutory Auditors, and the Senior Statutory Auditor was Matthew Green.