

## **Bloc Ventures Limited**

**Registered Number 11119448**

### **Financial Statements**

For the year ended 31 December 2020



## Company Information

### **Directors**

B N Beckloff  
S J O Catlin  
D J Leftley  
P D Roy  
S A Wren

### **Registered Office**

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

### **Independent auditor**

Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
30 Finsbury Square  
London  
EC2A 1AG

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# Bloc Ventures Limited

Company number 11119448

## Balance sheet

As at 31 December 2020

		<i>As at 31 December 2020</i>	<i>As at 31 December 2019</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
<b>Non-current assets</b>			
Property, plant & equipment	5	192,026	230,204
Other assets	7	397,123	20,025
Investments held at fair value through profit or loss	4	32,520,004	17,411,058
		<u>33,109,153</u>	<u>17,661,287</u>
<b>Current assets</b>			
Trade and other receivables	7	242,420	359,719
Cash and cash equivalents	8	4,544,948	4,703,699
		<u>4,787,368</u>	<u>5,063,418</u>
<b>TOTAL ASSETS</b>		<b><u>37,896,521</u></b>	<b><u>22,724,705</u></b>
<b>EQUITY</b>			
Issued share capital	10	1,272,795	991,920
Share premium	11	19,625,491	12,785,724
Merger relief reserve	11	5,076,899	5,076,899
Retained earnings		11,414,073	3,254,510
<b>TOTAL EQUITY</b>		<b><u>37,389,258</u></b>	<b><u>22,109,053</u></b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	394,805	463,219
<b>Non-current lease liability</b>	6	112,458	152,433
<b>TOTAL LIABILITIES</b>		<b><u>507,263</u></b>	<b><u>615,652</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>37,896,521</u></b>	<b><u>22,724,705</u></b>

The notes on pages 4 to 17 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:

*B N Beckloff*

B N Beckloff, Director

29 April 2021

Registered company number: 1111944

# Notes to the financial statements

For the Year ended 31 December 2020

## 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 European Union as they apply to financial statements of the company for the year ended 31 December 2020 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.

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

These financial statements were approved and authorised for issue by the board on 29 April 2021. 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.

The portfolio is relatively resilient to Covid-19, largely being at an early stage of development and so less dependent on short term revenue, and not exposed to the worst hit consumer/retail sectors. As has been reflected in the public markets, the technology sector in which we invest is likely to benefit long-term from the pandemic. Our largest portfolio investment, Marmalade Game Studios, saw a substantial increase in revenue and profitability, both as a result of the lockdown impact on video game demand and due to demand for its new release, Monopoly. Balancing this, some companies saw revenue targets missed in 2020 as a result of Covid-19, but this was balanced by product and technology milestone achievement which together with the preference nature of our shareholdings meant that there was no requirement to impair any investment book values.

Brexit is not anticipated to have a material impact on Bloc or the portfolio.

At 31 March 2021, Bloc Ventures' cash balance was £2,738,638 following funding to their portfolio companies. Bloc Ventures intends to continue to build its portfolio and invested in its 11<sup>th</sup> portfolio company Mindtrace in January 2021. 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. In the current year the company has applied the below amendments to IFRS Standards that are effective for an annual period that begins on or after 1 January 2020. The adoption has not had any material impact on the disclosure or on the amounts reported in these financial statements.

- Amendments to References to the Conceptual Framework in IFRS Standards; the company has adopted these amendments for the first time in the current year. The amendments include consequential

## Notes to the financial statements

### For the year ended 31 December 2020

amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regards to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referring to (the IASC Framework adopted by the IASB in

2001, the IASB Framework of 2010, or the new revised Framework of 2018), or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

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:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Annual Improvements to IFRS Standards 2018-2020 Cycle Amendments, IFRS 9 Financial Instruments, IFRS 16 Leases.

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,

### *Revenue recognition*

Revenue is derived from consulting activities.

Consulting and similar income is measured at the fair value of the consideration received, 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.

# Notes to the financial statements

For the year ended 31 December 2020

## *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. 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.

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.

## Notes to the financial statements

For the year ended 31 December 2020

### *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.

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.



## Notes to the financial statements

### For the year ended 31 December 2020

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.

## 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 judgments 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.

#### *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 during the period was 8 (2019: 5)

## Notes to the financial statements

For the year ended 31 December 2020

### 4. Investments

*Change in portfolio valuations from 1 January 2020 to 31 December 2020:*

Company	Cost £	Valuation 31.12.2019	Additions Cost £	Disposals Cost £	Revaluation	Valuation 31.12.2020
Marmalade Technologies Limited	3,296,000	7,223,000	-	(1,469,500)	8,046,500	13,800,000
EVERYTHNG Limited \$	798,981	927,977	200,000	-	(27,465)	1,100,512
Tether Technologies Limited	700,002	729,653	125,000	-	-	854,653
YellowDog Limited	2,500,004	2,971,216	1,500,000	-	-	4,471,216
Zeetta Networks Limited	1,250,005	1,250,005	1,000,000	-	-	2,250,005
Yordex Limited	1,000,000	1,000,000	500,000	-	-	1,500,000
AccelerComm Limited	1,499,992	1,499,992	1,499,972	-	809,268	3,809,232
Pharrowtech €	1,115,584	1,059,198	1,089,819	-	85,298	2,234,315
Crypta Labs limited	750,017	750,017	750,006	-	-	1,500,023
Paytia Limited	-	-	1,000,048	-	-	1,000,048
	12,910,585	17,411,058	7,664,845	(1,469,500)	8,913,601	32,520,004

*Change in portfolio valuations from 1 January 2019 to 31 December 2019:*

Company	Cost £	Valuation 31.12.2018	Additions Cost £	Revaluation	Valuation 31.12.2019
Marmalade Technologies Limited	3,296,000	7,223,000	-	-	7,223,000
EVERYTHNG Limited \$	798,981	966,568	-	(38,591)	927,977
Tether Technologies Limited	300,001	300,001	400,001	29,651	729,653
YellowDog Limited	1,500,001	1,500,001	1,000,003	471,212	2,971,216
Zeetta Networks Limited	750,005	750,005	500,000	-	1,250,005
Yordex Limited	500,000	500,000	500,000	-	1,000,000
AccelerComm Limited	1,499,992	1,499,992	-	-	1,499,992
Pharrowtech €	-	-	1,115,584	(56,387)	1,059,198
Crypta Labs limited	-	-	750,017	-	750,017
	8,644,980	12,739,567	4,265,605	405,885	17,411,058

## Notes to the financial statements

For the year ended 31 December 2020

### 5. 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 2019</i>	2,905	-	2,905
Additions	18,050	231,429	249,479
<b>At 31 December 2019</b>	<b>20,955</b>	<b>231,429</b>	<b>252,384</b>
Additions	14,269	-	14,269
<b>At 31 December 2020</b>	<b>35,224</b>	<b>231,429</b>	<b>266,653</b>
<i>Depreciation:</i>			
<i>As at 1 January 2019</i>	545	-	545
Charge for the year	2,349	19,286	21,635
<b>At 31 December 2019</b>	<b>2,894</b>	<b>19,286</b>	<b>22,180</b>
Charge for the year	6,161	46,286	52,447
<b>At 31 December 2020</b>	<b>9,055</b>	<b>65,572</b>	<b>74,627</b>
<b>Net Book Value:</b>			
<b>At 31 December 2020</b>	<b>£26,169</b>	<b>£165,857</b>	<b>£192,026</b>
<b>At 31 December 2019</b>	<b>£18,061</b>	<b>£212,143</b>	<b>£230,204</b>

The Right of Use Asset relates to a leased office space, the lease analysis is detailed in note 6.

### 6. Leases

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

	<i>Year Ended</i> <i>31 December</i> <i>2020</i>	<i>Year Ended</i> <i>31 December</i> <i>2019</i>
	£	£
Current	38,767	34,763
Non-Current	112,458	152,433
	<b>151,225</b>	<b>187,196</b>

## Notes to the financial statements

### For the year ended 31 December 2020

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

	Within 1 year £	1-2 Years £	2-3 Years £	3-4 Years £	Total £
31 December 2020					
Lease payments	52,574	43,788	52,574	31,256	180,192
Finance charged	(13,807)	(8,895)	(5,375)	(890)	(28,967)
<b>Net present values</b>	<b>38,767</b>	<b>34,893</b>	<b>47,199</b>	<b>30,366</b>	<b>151,225</b>

	Within 1 year £	1-2 Years £	2-3 Years £	3-4 Years £	4-5 Years £	Total £
31 December 2019						
Lease Payments	52,574	52,574	43,788	52,574	32,696	234,206
Finance Charged	(17,811)	(13,867)	(8,959)	(5,442)	(931)	(47,010)
<b>Net Present Values</b>	<b>34,763</b>	<b>38,707</b>	<b>34,829</b>	<b>47,132</b>	<b>31,765</b>	<b>187,196</b>

### 7. Trade and other receivables

	<i>As at 31 December 2020 £</i>	<i>As at 31 December 2019 £</i>
Trade receivables	221,878	82,450
Other receivables	-	10,991
Prepayments and accrued income	417,665	286,303
	<b>£639,543</b>	<b>£379,744</b>
Amounts due within one year	£242,420	£359,719
Amounts due after more than one year	£397,123	£20,025

Trade receivables are non-interest bearing. All outstanding trade receivables that have not been provided for are considered to be recoverable.

Amounts due after more than one year includes accrued interest of £377,060 (2019: £nil) due from investment portfolio companies.

### 8. Cash and cash equivalents

	<i>As at 31 December 2020 £</i>	<i>As at 31 December 2019 £</i>
Cash and cash equivalents	<b>£4,544,948</b>	<b>£4,703,699</b>

# Notes to the financial statements

For the year ended 31 December 2020

## 9. Trade and other payables

	As at 31 December 2020 £	As at 31 December 2019 £
Trade payables	3,349	6,539
Other trade payables	1,319	840
Accruals and deferred revenue	283,978	395,649
Pension contributions payable	7,867	-
Rental lease	38,767	34,763
Other taxes and social security costs	59,525	25,428
	<b>£394,805</b>	<b>£463,219</b>

## Non-current lease liability

	As at 31 December 2020 £	As at 31 December 2019 £
Rental lease 1-5 years (note 9)	£112,458	£152,433

## 10. Issued capital

### Ordinary shares called up and fully paid at 31 December 2020

<i>Ordinary shares issued and fully paid</i>	<i>Number</i>	<i>Nominal value</i>
Ordinary shares of £1 each	936,962	£936,962
A Ordinary preference shares of £1 each	334,400	£334,400
A Growth shares of £0.01 each	143,320	£1,433
<b>Total</b>		<b>£1,272,795</b>

### Ordinary shares called up and fully paid at 31 December 2019

<i>Ordinary shares issued and fully paid</i>	<i>Number</i>	<i>Nominal value</i>
Ordinary shares of £1 each	656,768	£656,768
A Ordinary preference shares of £1 each	334,400	£334,400
A Growth shares of £0.01 each	75,150	£752
<b>Total</b>		<b>£991,920</b>

## Notes to the financial statements

For the year ended 31 December 2020

### Ordinary shares issued during the year to 31 December 2020

<i>Ordinary shares issued during the year</i>	<i>Number</i>	<i>Consideration Received Net of costs</i>
Ordinary shares of £1 each (note 14)	280,194	£7,117,234
A Growth shares of £0.01 each (note 14)	68,170	£3,408
<b>Total</b>		<b>£7,120,642</b>

### Ordinary shares issued during the year to 31 December 2019

<i>Ordinary shares issued during the year</i>	<i>Number</i>	<i>Consideration Received Net of costs</i>
Ordinary shares of £1 each (note 14)	300,812	£7,606,925
A Growth shares of £0.01 each (note 14)	17,750	£888
<b>Total</b>		<b>£7,607,813</b>

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 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.

# Notes to the financial statements

For the year ended 31 December 2020

## 11. Share issues

### *Share for share exchange in prior period*

The business of Bloc Ventures 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:

	Number	Nominal value	Premium	Total proceeds
Ordinary £1 shares	280,194	£280,194	£7,133,739	£7,413,933
A Growth	68,170	£681	£2,727	£3,408
Less costs			(£296,699)	(£296,699)
<b>Total</b>		<b>£280,875</b>	<b>£6,839,767</b>	<b>£7,120,642</b>

Shares issued in the year to 31 December 2019

	Number	Nominal value	Premium	Total proceeds
Ordinary £1 shares	300,812	£300,812	£7,658,674	£7,959,486
A Growth	17,750	£178	£710	£888
Less costs			(£352,561)	(£352,561)
<b>Total</b>		<b>£300,990</b>	<b>£7,306,823</b>	<b>£7,607,813</b>

## 12. Related party transactions

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

30,000 A Growth shares of £0.01 were issued to the executive directors for their fair market value of £0.05 per share.

Catlin Consultancy Limited was paid £10,000 (2019: £10,000) in respect of the services of S J O Catlin as non-executive director during the period.

Consultancy revenue totalling £216,612 (2019: £156,595) was earned in the year relating to portfolio company non-executive director and consulting fees. Bloc Ventures does not exercise control or management through any of these positions.

During the period P D Roy invested £100,000 (2019: £130,002) in two Bloc portfolio companies. He also received £92,000 in accrued interest and £164,000 of capital reduction proceeds from a Bloc portfolio company. These transactions were in a private capacity.

BNBI Limited, a company owned by B N Beckloff and his immediate family, received £199,500 in accrued interest and £389,500 of capital reduction proceeds from a Bloc portfolio company.

## Notes to the financial statements

For the year ended 31 December 2020

### 13. 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 2020 £</i>	<i>As at 31 December 2019 £</i>
<i>Current assets</i>		
Trade and other receivables	242,420	359,719
Cash and cash equivalents	4,544,948	4,703,699
	<b>£4,787,368</b>	<b>£5,063,418</b>

#### *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 2020 Total</i>	<i>As at 31 December 2019 Total</i>
<b>Non current assets</b>					
Investments at fair value through profit and loss	-	£32,520,004	-	£32,520,004	£17,411,058
Other assets	£397,123	-	-	£397,123	£20,025
<b>Current assets</b>					
Trade and other receivables	£242,420	-	-	£242,420	£359,719
<b>Current liabilities</b>					
Trade and other payables	-	-	(£394,805)	(£394,805)	(£463,219)
<b>Long term liabilities</b>					
Lease assets over 1 year	-	-	(£112,458)	(£112,458)	(£152,433)
<b>Total</b>	<b>£639,543</b>	<b>£32,520,004</b>	<b>(£507,263)</b>	<b>£32,652,284</b>	<b>£17,175,150</b>

#### *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 2020

	On demand	Less than 1 year	Between 1- 5 years	More than 5 years	Total 2020	Total 2019
	£	£	£	£	£	£
Financial assets at fair value through profit and loss	-	-	-	32,520,004	32,520,004	17,411,058
Trade and other receivables	-	242,420	397,123	-	639,543	379,744
Cash and cash equivalents	4,544,948	-	-	-	4,544,948	4,703,699
<b>Total assets</b>	<b>4,544,948</b>	<b>242,420</b>	<b>397,123</b>	<b>32,520,004</b>	<b>37,704,495</b>	<b>22,494,501</b>
Trade and other payables	-	(394,805)	(112,458)	-	(507,263)	(615,652)
<b>Total liabilities</b>	<b>-</b>	<b>(394,805)</b>	<b>(112,458)</b>	<b>-</b>	<b>(507,263)</b>	<b>(615,652)</b>
<b>Total liquidity gap</b>	<b>4,544,948</b>	<b>(152,385)</b>	<b>284,665</b>	<b>32,520,004</b>	<b>37,197,232</b>	<b>21,878,849</b>

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 **£32,520,004** (2019: £17,411,058)

### 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 £3,252,000 (2019: £1,741,106)

### Currency risk

90.4% (2019: 88.58%) of the investment portfolio is denominated in the same currency as its functional currency. One investment is denominated in US dollars, and one in Euros. A 10% change in the exchange rate would increase/decrease the value of the investment by £313,482 (2019: £198,717)

### Liquidity risk

Liquidity 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 2020**

### **14. Events after the reporting period**

Bloc made the following investments subsequent to the reporting date:

£499,995 equity investment in Mindtrace Limited on 20 January 2021

£250,000 convertible loan note investment in Tether Technology Limited on 27 January 2021

£600,000 convertible loan note investment in Zeetta Networks Limited on 1 March 2021

£499,982 equity investment in Yordex Limited on 19 March 2021

18,897 ordinary shares have been issued at a price of £26.46 since 31 December 2020. This issue related to a shareholder commitment made during 2020 as part of the Series-B fund raise completion.

### **15. Audit Report**

The full statutory accounts for shareholders were audited by Grant Thornton UK LLP. The audit report was unqualified with no emphasis of matter and was signed by Nicholas Watson BSc ACA as Senior Statutory Auditor.