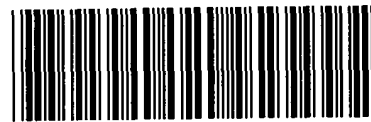


Company Registration No. 11176072 (England and Wales)

FOCAL VENTURES LTD

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021**

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FOCAL VENTURES LTD

COMPANY INFORMATION

Directors	G Bell T Claridge C Dines M Gates R Groenewold J Hallsworth B Quiney L Wainwright T Wright K Meier
Secretary	K Meier
Company number	11176072
Registered office	30 City Road London EC1Y 2AB
Auditor	RSM UK Audit LLP Chartered Accountants One London Square Cross Lanes Guildford Surrey GU1 1UN

FOCAL VENTURES LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

Following on from a highly turbulent year in 2020 both for the market and our company and colleagues, 2021 was somewhat of a return to stability. That said, there were still significant variations in the market caused by external factors of lockdowns and financial aid for the sector.

The first half of the year saw a very buoyant market due to the end of the stamp duty holiday at the end of June. This pulled forward a significant number of transactions which left the second half of 2021 with lower volumes of instructions in the wider market.

Revenue performance has been strong under the circumstances, with 2021 finishing 20% ahead of 2020 despite the disruption in the market in second half of the year. This revenue growth was driven by an increasing participation of our existing customers' business as well as some key new customer acquisitions. We also continued to invest in digital technology to enable us to have new revenue streams in future years.

Much of our growth development in 2021 remained focused on Artificial Intelligence as well as the ongoing development of our marketplace platforms and apps.

Principal risks and uncertainties

Our main risk remains our mix of revenue towards large existing customers, although our long-term relationships and contracts mitigates this significantly.

To mitigate these risks we are looking at 3 key areas:

- To work with our customers to help them gain market share through our industry leading products
- To develop more tailored solutions for the lettings market to enable us to grow market share
- To diversify revenue by expanding our customer base through the acquisition of mid-sized and smaller, independent agents

Although technology developments do pose a threat it is mitigated by our own work to stay relevant with our proposition.

A risk to our ongoing growth is the volatility in the housing market after a period of strong growth. We are mitigating this through the acquisition of additional customers to grow our underlying listings volumes. In addition we mitigate this through having a highly flexible cost base which can scale up and down based on volumes.

Key performance indicators

We work closely with our clients on measured KPI's and continually exceed their expectations.

	2021	2020
Turnover	14,804,673	12,341,173
Gross profit	7,647,158	6,737,631
Operating (loss)/profit	(727,685)	589,018

Our Key Performance Indicators are our ability to win new business through new account sign ups as well as ensuring that more of our current customers listings have our assets to support them. We achieve this through measuring the performance of transactions using our assets compared to the rest of the market and demonstrating their value to vendors and agents.

Future Developments

Whilst we continue to stay focussed on our key existing customers, we are developing the capability to attract and acquire business. We are achieving this through digital and traditional marketing. Ongoing technological advancements in our marketplace platform make it easier to onboard new customers and allow them to be always informed of how their work is progressing.

FOCAL VENTURES LTD

STRATEGIC REPORT (CONTINUED)

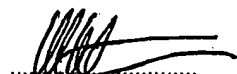
FOR THE YEAR ENDED 31 DECEMBER 2021

Going concern

Following on from a period of strong growth in property prices and houses selling quickly, we are now experiencing a reaction to this, with cancellations in the market increasing and prices under pressure. Buyer demand has been impacted by the removal of low-cost loan options. We have not seen a significant reduction in listings however which is what drives our volume of work, and in a market where selling properties becomes harder, professional marketing is even more important. Our cost base is highly flexible also, so it is possible to resize our business to remain profitable at short notice if volumes do decline materially.

At the time of approving the financial statements the directors have a reasonable expectation that the group and company have adequate resources, despite the net liabilities position, to continue in operational existence for at least 12 months from the date of signing. The group has prepared a 3 year plan which is supported by detailed monthly forecasts, the directors are also satisfied with the group's performance in the current financial year. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the board



M Gates
Director

Date: 15/12/22

FOCAL VENTURES LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the group continued to be that of providing marketing tools and audio tools for estate agents and others selling properties. The principal activity of the company continued to be that of a holding company.

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £426,334 (2020: £nil) of which £217,334 (2020: £nil) were waived. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G Bell

T Claridge

C Dines

M Gates

R Groenewold

J Hallsworth

B Quiney

L Wainwright

T Wright

D Reynolds

K Meier

(Resigned 15 March 2021)

(Appointed 6 April 2021)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

RSM UK Audit LLP were appointed as auditor to the company and have indicated their willingness to be reappointed for another term.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal risks and uncertainties, key performance indicators and future developments.

FOCAL VENTURES LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board



M Gates
Director

Date: 15/12/22

FOCAL VENTURES LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOCAL VENTURES LTD

Opinion

We have audited the financial statements of Focal Ventures Limited (parent company) and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 FOCAL VENTURES LTD (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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 parent 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 parent 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOCAL VENTURES LTD (CONTINUED)

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and making enquiries of external tax advisors.

The audit engagement team identified the risk of management override of controls where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Caroline Watson

Caroline Watson ACA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3rd Floor
Portland
25 High Street
Crawley
West Sussex, RH10 1BG
21 December 2022
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FOCAL VENTURES LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes.	2021 £	2020 £
Turnover	3	14,804,673	12,341,173
Cost of sales		(7,157,515)	(5,603,542)
Gross profit		7,647,158	6,737,631
Administrative expenses		(8,438,898)	(6,587,844)
Other operating income		64,055	525,506
Exceptional item	4	-	(86,275)
Operating (loss)/profit	7	(727,685)	589,018
Interest receivable and similar income	9	26	310
Interest payable and similar expenses	10	(75,812)	(54,670)
(Loss)/profit before taxation		(803,471)	534,658
Tax on (loss)/profit	11	205,133	(20,229)
(Loss)/profit for the financial year		(598,338)	514,429


(Loss)/profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

FOCAL VENTURES LTD**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Intangible assets	13		16,617		2,492
Tangible assets	14		198,988		290,892
			<u>215,605</u>		<u>293,384</u>
Current assets					
Debtors	17	2,741,107		3,376,462	
Cash at bank and in hand		1,784,888		2,521,970	
		<u>4,525,995</u>		<u>5,898,432</u>	
Creditors: amounts falling due within one year	18	(3,673,842)		(3,293,657)	
Net current assets			<u>852,153</u>		<u>2,604,775</u>
Total assets less current liabilities			<u>1,067,758</u>		<u>2,898,159</u>
Creditors: amounts falling due after more than one year	19	(1,476,356)		(2,461,125)	
Provisions for liabilities	21	(3,623)		(41,917)	
Net (liabilities)/assets			<u>(412,221)</u>		<u>395,117</u>
Capital and reserves					
Called up share capital	23		419		419
Share premium account	24		17,400		17,400
Equity reserve	24		28,846		56,583
Other reserves	24	(1,437,736)		(1,512,403)	
Profit and loss reserves	24	978,850		1,833,118	
Total equity			<u>(412,221)</u>		<u>395,117</u>

The financial statements were approved by the board of directors and authorised for issue on 15 December 2022 and are signed on its behalf by:



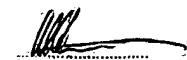
M Gates
Director

FOCAL VENTURES LTD**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

	Notes	2021 £	£-	2020 £	£
Fixed assets					
Tangible assets	14	-		24,985	
Investments	15	1,481,659		1,481,659	
		<u>1,481,659</u>		<u>1,506,644</u>	
Current assets					
Debtors	17	185,215		226,188	
Cash at bank and in hand		4,337		25,486	
		<u>189,552</u>		<u>251,674</u>	
Creditors: amounts falling due within one year	18	<u>(1,232,794)</u>		<u>(836,767)</u>	
Net current liabilities		<u>(1,043,242)</u>		<u>(585,093)</u>	
Total assets less current liabilities		<u>438,417</u>		<u>921,551</u>	
Creditors: amounts falling due after more than one year	19	<u>(721,154)</u>		<u>(1,393,417)</u>	
Net liabilities		<u><u>(282,737)</u></u>		<u><u>(471,866)</u></u>	
Capital and reserves					
Called up share capital	23	419		419	
Share premium account	24	17,400		17,400	
Equity reserve	24	28,846		56,583	
Other reserves	24	-		(74,667)	
Profit and loss reserves	24	(329,402)		(471,601)	
Total equity		<u><u>(282,737)</u></u>		<u><u>(471,866)</u></u>	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was £398,129 (2020: £168,072 loss).

The financial statements were approved by the board of directors and authorised for issue on 15 December 2022 and are signed on its behalf by:



M Gates
Director

FOCAL VENTURES LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Equity reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2020		419	17,400	83,253	(1,484,403)	1,264,019	(119,312)
Year ended 31 December 2020:							
Profit and total comprehensive income for the year		-	-	-	-	514,429	514,429
Transfers		-	-	(26,670)	(28,000)	54,670	-
Balance at 31 December 2020		419	17,400	56,583	(1,512,403)	1,833,118	395,117
Year ended 31 December 2021:							
Loss and total comprehensive income for the year		-	-	-	-	(598,338)	(598,338)
Transactions with owners in their capacity as owners							
Dividends	12	-	-	-	-	(209,000)	(209,000)
Transfers	24	-	-	(27,737)	74,667	(46,930)	-
Balance at 31 December 2021		419	17,400	28,846	(1,437,736)	978,850	(412,221)

FOCAL VENTURES LTD

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Equity reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 January 2020		419	17,400	83,253	(46,667)	(358,199)	(303,794)
Year ended 31 December 2020:							
Loss and total comprehensive income for the year		-	-	-	-	(168,072)	(168,072)
Transfers		-	-	(26,670)	(28,000)	54,670	-
Balance at 31 December 2020		419	17,400	56,583	(74,667)	(471,601)	(471,866)
Year ended 31 December 2021:							
Profit and total comprehensive income for the year		-	-	-	-	398,129	398,129
Transactions with owners in their capacity as owners							
Dividends	12	-	-	-	-	(209,000)	(209,000)
Transfers	24	-	-	(27,737)	74,667	(46,930)	-
Balance at 31 December 2021		419	17,400	28,846	-	(329,402)	(282,737)

FOCAL VENTURES LTD

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	25		(80,714)		892,146
Interest paid			(20,075)		-
Income taxes paid			(124,061)		(111,908)
Net cash (outflow)/inflow from operating activities			(224,850)		780,238
Investing activities					
Purchase of intangible assets		(18,202)		-	
Purchase of tangible fixed assets		(102,762)		(114,445)	
Interest received		26		310	
Net cash used in investing activities			(120,938)		(114,135)
Financing activities					
Proceeds of new bank loans		-		1,250,000	
Repayment of bank loans		(182,294)		-	
Dividends paid to equity shareholders		(209,000)		-	
Net cash (used in)/generated from financing activities			(391,294)		1,250,000
Net (decrease)/increase in cash and cash equivalents			(737,082)		1,916,103
Cash and cash equivalents at beginning of year			2,521,970		605,867
Cash and cash equivalents at end of year			1,784,888		2,521,970

FOCAL VENTURES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Focal Ventures Ltd ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 30 City Road, London, EC1Y 2AB.

The group consists of Focal Ventures Ltd and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of Focal Ventures Ltd and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). The financial statements have been prepared using the merger accounting principles.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

FOCAL VENTURES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Going concern

Following on from a period of strong growth in property prices and houses selling quickly, we are now experiencing a reaction to this, with cancellations in the market increasing and prices under pressure. Buyer demand has been impacted by the removal of low-cost loan options. We have not seen a significant reduction in listings however which is what drives our volume of work, and in a market where selling properties becomes harder, professional marketing is even more important. Our cost base is highly flexible also, so it is possible to resize our business to remain profitable at short notice if volumes do decline materially.

At the time of approving the financial statements the directors have a reasonable expectation that the group and company have adequate resources, despite the net liabilities position, to continue in operational existence for at least 12 months from the date of signing. The group has prepared a 3 year plan which is supported by detailed monthly forecasts, the directors are also satisfied with the group's performance in the current financial year. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Turnover from provision of property visual content services is recognised upon the completion of the service.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Intangible fixed assets	Straight line policy over 3 years
-------------------------	-----------------------------------

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the period of the lease
Fixtures and fittings	Straight line policy over 3-4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

FOCAL VENTURES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

FOCAL VENTURES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

FOCAL VENTURES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies (Continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

FOCAL VENTURES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors do not consider there to be any key estimates that affect the financial statements.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Carrying value of investments

The company makes an estimate of the recoverable value of its investments. When assessing the impairment of investments, management considers whether the carrying amount of the investment exceeds its recoverable amount, and whether an impairment loss needs to be recognised in order to reflect the recoverable amount. During the year no impairments have been recognised (2020: £nil).

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Sales	12,924,575	10,666,541
Lettings	1,880,098	1,674,632
	<u>14,804,673</u>	<u>12,341,173</u>
	2021 £	2020 £
Other revenue		
Interest income	26	310
Grants received	<u>60,020</u>	<u>513,470</u>

Included within grants received are £9,044 (2020: £513,470) of furlough claims offered by the UK government in accordance with their Covid-19 assistance programmes for businesses, £7,801 (2020: £nil) in relation to interest paid for by the government on behalf of the company's Coronavirus Business Interruption Loan and £43,175 (2020: £nil) relating to the government's UK Research and Innovation scheme.

FOCAL VENTURES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2021**

4 Exceptional item

	2021	2020
	£	£
Expenditure		
Compensation for loss of office costs	-	64,493
COVID-19 PPE	-	21,782
	<u>-</u>	<u>86,275</u>
	<u>-</u>	<u>86,275</u>

5 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Core	14	17	5	7
Operational	61	63	-	-
Sales	13	13	-	-
Technical	35	36	-	-
Total	<u>123</u>	<u>129</u>	<u>5</u>	<u>7</u>

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	5,109,924	4,334,551	234,818	76,697
Social security costs	537,714	443,793	28,610	13,841
Pension costs	110,643	68,922	1,714	675
	<u>5,758,281</u>	<u>4,847,266</u>	<u>265,142</u>	<u>91,213</u>

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	710,196	445,860
Company pension contributions to defined contribution schemes	11,516	-
	<u>721,712</u>	<u>445,860</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2020 - 0).

FOCAL VENTURES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

6 Directors' remuneration (Continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	157,382	125,325
Company pension contributions to defined contribution schemes	2,908	-

7 Operating (loss)/profit

	2021 £	2020 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Government grants	(60,020)	(513,470)
Depreciation of owned tangible fixed assets	194,666	115,708
Amortisation of intangible assets	4,077	15,559
Operating lease charges	264,546	362,694

8 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	50,000	80,200
For other services		
All other non-audit services	13,400	28,440

9 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	26	310

10 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and loans	47,812	26,670
Other interest on financial liabilities	28,000	28,000
Total finance costs	75,812	54,670

FOCAL VENTURES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

11 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	-	24,123
Adjustments in respect of prior periods	(166,839)	-
Total current tax	(166,839)	24,123
Deferred tax		
Origination and reversal of timing differences	(18,558)	(3,894)
Changes in tax rates	13,236	-
Adjustment in respect of prior periods	(32,972)	-
Total deferred tax	(38,294)	(3,894)
Total tax (credit)/charge	(205,133)	20,229

The total tax (credit)/charge for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	2021 £	2020 £
(Loss)/profit before taxation	(803,471)	534,658
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(152,659)	101,585
Tax effect of expenses that are not deductible in determining taxable profit	56,393	(576)
Adjustments in respect of prior years	(166,839)	(84,082)
Permanent capital allowances in excess of depreciation	-	(1,019)
Other non-reversing timing differences	-	(2,173)
Other permanent differences	-	10,388
Deferred tax adjustments in respect of prior years	(32,972)	(3,894)
Movement in deferred tax not recognised	86,813	-
Fixed asset differences	3,261	-
Remeasurement of deferred tax charge for changes in tax rate	870	-
Taxation (credit)/charge	(205,133)	20,229

Changes to UK corporation tax rates were substantively enacted by the Finance Bill 2021 on 24 May 2021. These included an increase of the corporation tax rate to 25% from 1 April 2023. As this change was substantively enacted at the balance sheet date, deferred tax is recognised at a rate of 25% in the current year (2020: 19%).

FOCAL VENTURES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2021**

12 Dividends

	2021	2020	2021	2020
Recognised as distributions to equity holders:	Per share	Per share	Total	Total
	£	£	£	£
Ordinary B shares				
Final paid	33.33	-	426,334	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Dividends waived			(217,334)	-
			<u> </u>	<u> </u>

13 Intangible fixed assets

Group	Intangible fixed assets £
Cost	
At 1 January 2021	46,439
Additions	18,202
	<u> </u>
At 31 December 2021	64,641
	<u> </u>
Amortisation and impairment	
At 1 January 2021	43,947
Amortisation charged for the year	4,077
	<u> </u>
At 31 December 2021	48,024
	<u> </u>
Carrying amount	
At 31 December 2021	16,617
	<u> </u>
At 31 December 2020	2,492
	<u> </u>

The company had no intangible fixed assets at 31 December 2021 or 31 December 2020.

The amortisation charge of £4,077 (2020: £15,559) is included within administrative expenses.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2021**

14 Tangible fixed assets

Group	Leasehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 January 2021	22,186	580,628	602,814
Additions	-	102,762	102,762
At 31 December 2021	22,186	683,390	705,576
Depreciation and impairment			
At 1 January 2021	-	311,922	311,922
Depreciation charged in the year	22,186	172,480	194,666
At 31 December 2021	22,186	484,402	506,588
Carrying amount			
At 31 December 2021	-	198,988	198,988
At 31 December 2020	22,186	268,706	290,892
Company			
	Leasehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 January 2021 and 31 December 2021	22,186	2,799	24,985
Depreciation and impairment			
Depreciation charged in the year	22,186	2,799	24,985
At 31 December 2021	22,186	2,799	24,985
Carrying amount			
At 31 December 2021	-	-	-
At 31 December 2020	22,186	2,799	24,985

Depreciation charge is included within administrative expenses.

15 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	16	-	-	1,481,659	1,481,659

FOCAL VENTURES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2021**

15 Fixed asset investments (Continued)

Movements in fixed asset investments Company	Shares in group undertakings £
Cost	
At 1 January 2021 and 31 December 2021	1,481,659
Carrying amount	
At 31 December 2021	1,481,659
At 31 December 2020	1,481,659

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
FocalAgent Limited	30 City Road, EC1Y 2AB, London	Provision of marketing/ audio tools for estate agents and selling properties	Ordinary	100.00
KeyAgent Limited	30 City Road, EC1Y 2AB, London	Dormant company	Ordinary	100.00

17 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	2,223,265	2,859,294	-	-
Corporation tax recoverable	264,152	300	-	300
Other debtors	122,732	310,423	55,215	188,113
Prepayments and accrued income	958	206,445	-	37,775
	<u>2,611,107</u>	<u>3,376,462</u>	<u>55,215</u>	<u>226,188</u>
Amounts falling due after more than one year:				
Other debtors	<u>130,000</u>	<u>-</u>	<u>130,000</u>	<u>-</u>
Total debtors	<u>2,741,107</u>	<u>3,376,462</u>	<u>185,215</u>	<u>226,188</u>

FOCAL VENTURES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

18 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	20	312,504	182,292	-	-
Other borrowings	20	700,000	-	700,000	-
Trade creditors		909,278	858,598	249,636	115,423
Amounts owed to group undertakings		-	-	177,495	560,997
Corporation tax payable		-	27,048	-	-
Other taxation and social security		998,193	1,771,439	1,514	92,509
Other creditors		56,224	19,301	-	1,219
Accruals and deferred income		697,643	434,979	104,149	66,619
		<u>3,673,842</u>	<u>3,293,657</u>	<u>1,232,794</u>	<u>836,767</u>

Included within amounts owed to group undertakings are loans of £117,495 (2020: £560,997) which are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

19 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	20	755,202	1,067,708	-	-
Other borrowings	20	721,154	1,393,417	721,154	1,393,417
		<u>1,476,356</u>	<u>2,461,125</u>	<u>721,154</u>	<u>1,393,417</u>

20 Borrowings

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	1,067,706	1,250,000	-	-
Preference shares	700,000	700,000	700,000	700,000
Other loans	721,154	693,417	721,154	693,417
	<u>2,488,860</u>	<u>2,643,417</u>	<u>1,421,154</u>	<u>1,393,417</u>
Payable within one year	1,012,504	182,292	700,000	-
Payable after one year	<u>1,476,356</u>	<u>2,461,125</u>	<u>721,154</u>	<u>1,393,417</u>

FOCAL VENTURES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

20 Borrowings (Continued)

The £1,067,706 (2020: £1,250,000) bank loan is repayable in monthly instalments after 12 months from the date the loan is drawn, and it is due to be fully repaid by May 2025. Interest is applied monthly at 1.7%, with the government paying the interest during the first 12 months.

The loan is secured by debenture over the assets of the group and company has provided a guarantee to the lender. The government has also provided the lender with an 80 per cent guarantee on the loan.

The preference shares carry a fixed cumulative preferential dividend at the rate of 4% per annum. The shares do not confer any voting rights. On winding up, the holders have priority before all other classes of shares to receive repayment of capital plus any arrears of dividend.

The other loans represent loan notes which are unsecured, with no interest charged and crystallise on the event of a sale of the company in excess of £30,750,000. The effective rate of interest is 4%. The other loan is disclosed as due within more than one year in line with managements assessment of the plan for the group.

21 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2021 £	Liabilities 2020 £
Group		
Accelerated capital allowances	30,986	41,917
Revaluations	(27,363)	-
	<u>3,623</u>	<u>41,917</u>

The company has no deferred tax assets or liabilities.

	Group 2021 £	Company 2021 £
Movements in the year:		
Liability at 1 January 2021	41,917	-
Credit to profit or loss	(38,294)	-
Liability at 31 December 2021	<u>3,623</u>	<u>-</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

22 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>110,643</u>	<u>68,922</u>

FOCAL VENTURES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

22 Retirement benefit schemes (Continued)

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Included within other creditors are outstanding amounts on the pension scheme of £38,248 (2020: £18,091).

23 Share capital

	Group and Company			
	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary A shares of £1 each	291	291	291	291
Ordinary B shares of 1p each	12,790	12,790	128	128
	<u>13,081</u>	<u>13,081</u>	<u>419</u>	<u>419</u>

The A shareholders have the right to receive notice of, attend or vote at general meetings of the company. The A shares confer no right to receive dividends. The A shareholders are not entitled to participate in a distribution of assets (including on winding up). The A shares do not confer any rights of redemption.

The B shareholders have no right to receive notice of, attend or vote at general meetings of the company. The B shares confer the right to receive dividends (after payment of any preference dividend). The B shareholders are entitled to participate in a distribution of assets (including on winding up) after paying the preference shareholders any amounts due to them. The B shares do not confer any rights of redemption.

24 Reserves

Equity reserve

The equity reserve has arisen on the discounted loan notes. The liability is measured at amortised cost and the difference between the carrying amount of the liability at the date of issue and the amount reported in the Statement of Financial Position has been credited to the equity reserve.

Other reserves

Other reserves for the group have arisen on consolidation of the subsidiaries under the merger accounting principles, which has resulted in an other reserve and represents the nominal value of the consideration of the investment in the subsidiaries in excess of the book value of the company.

Other reserves for the company is the accrued preference shares interest charge. During the year this reserve was transferred to retained earnings.

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

FOCAL VENTURES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2021**

25 Cash (absorbed by)/generated from group operations

	2021 £	2020 £
(Loss)/profit for the year after tax	(598,338)	514,429
Adjustments for:		
Taxation (credited)/charged	(205,133)	20,229
Finance costs	75,812	54,670
Investment income	(26)	(310)
Amortisation and impairment of intangible assets	4,077	15,559
Depreciation and impairment of tangible fixed assets	194,666	115,708
Movements in working capital:		
Decrease/(increase) in debtors	899,207	(1,484,065)
(Decrease)/increase in creditors	(450,979)	1,655,926
Cash (absorbed by)/generated from operations	<u>(80,714)</u>	<u>892,146</u>

26 Analysis of changes in net debt - group

	1 January 2021 £	Cash flows £	Other non- cash changes £	31 December 2021 £
Cash at bank and in hand	2,521,970	(737,082)	-	1,784,888
Borrowings excluding overdrafts	(2,643,417)	182,294	(27,737)	(2,488,860)
	<u>(121,447)</u>	<u>(554,788)</u>	<u>(27,737)</u>	<u>(703,972)</u>

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	353,041	260,000	353,041	260,000
Between one and five years	245,536	282,062	245,536	282,062
	<u>598,577</u>	<u>542,062</u>	<u>598,577</u>	<u>542,062</u>

28 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

FOCAL VENTURES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

28 Related party transactions (Continued)

	Interest payable	
	2021	2020
	£	£
Group		
Other related parties	55,737	54,670

During the year dividends of £426,334 were declared to directors of the company, £209,000 (2020: £nil) of which were paid and £217,334 (2020: £nil) of dividends were waived.

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2021	2020
	£	£
Group		
Other related parties	805,154	749,417

Other related parties represent shareholders of the company.

Other information

In accordance with FRS 102.33.1A the group and company have taken the available exemption from disclosing transactions entered into between two or more members of a group and outstanding balances, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.