

ANNUAL REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020

ABUNDANCE INVESTMENT LTD

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ABUNDANCE INVESTMENT LTD

COMPANY INFORMATION

| | |
|----------------------|---|
| Directors | Mr B M Davis Mr K Harder Mr W R Jones Mr M D Taylor Ms C L Wilson |
| Company secretary | Ms L Trinder |
| Registered number | 07049166 |
| Registered office | 16 Linen House 253 Kilburn Lane London W10 4BQ |
| Independent auditors | Menzies LLP Chartered Accountants & Statutory Auditor Victoria House 50-58 Victoria Road Farnborough Hampshire GU14 7PG |

ABUNDANCE INVESTMENT LTD

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ABUNDANCE INVESTMENT LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The company's principal activity is to structure and administer investments in socially responsible companies and infrastructure projects and to distribute these investments to retail investors via its online platform. By doing this the company aims to mobilise capital to build a more sustainable and socially just society, while providing investors with the opportunity to earn a decent return.

Business review

The company reported revenue for the year of £1.36m (2019: £1.84m) and total losses of £0.311m (2019: £0.966m). The total equity for the company equals £1.157m (2019: £0.784m).

Income fell in 2020 due to market uncertainty linked to COVID-19 which fed through to the deal pipeline. During the period, the company cut back on discretionary spend to manage risks associated with COVID-19, but did make key investments in its long term growth and to position itself to capitalise on the recovery and growth in ESG investing. The company will continue to invest ahead of income and therefore expects to incur losses over the coming years. The company also intends to make investments in 2021 to ensure it continues to build a long-term competitive advantage within the market.

The company also raised capital by way of an issue of convertible equity in the last quarter of 2020.

The company expanded its product offering in 2020 by launching Community Municipal Investments. This product enables residents to invest in their council and support the delivery of its strategic goals such as reaching net zero carbon emissions in line with or ahead of the UK Government's legislated target of 2050.

The company operates as a certified B Corporation which means it has a legal responsibility imbedded in its company articles to consider the interests of its decisions not simply on its shareholders, but also its staff and customers as well as the environment and society.

Principal risks and uncertainties

The principal risks and uncertainties faced by the company include: regulatory risk, performance of the successfully funded companies and general market uncertainty, specifically the continued recruitment of suitable companies to the platform looking for investment and investing clients to provide the investment funds.

Risk management is carried out through a comprehensive set of policies and procedures as well as other internal controls. The directors and senior management regularly meet and review business risk.

Financial key performance indicators

The directors and senior management team manage the business based on a wide range of management information, but the key information is the following:

| | 2019 | 2020 |
|------------|----------|----------|
| Revenue | £1.84m | £1.36m |
| Net Profit | -£0.966m | -£0.311m |

Other monitored Key Performance Indicators include:

- Total debenture issuance
- Number of investing clients
- Marketing cost per £ invested

Performance is assessed against these metrics on a regular basis and budgets and plans are adjusted as required.

ABUNDANCE INVESTMENT LTD

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

This report was approved by the board and signed on its behalf.

.....
Mr K Harder
Director

Date: 14 September 2021

ABUNDANCE INVESTMENT LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The loss for the year, after taxation, amounted to £310,581 (2019 - loss £965,896).

The company has no distributable reserves from which to declare a dividend.

Directors

The directors who served during the year were:

Mr B M Davis
Mr K Harder
Mr W R Jones
Mr M D Taylor
Ms C L Wilson

Going concern

The company is continuing to expand their operations and so have incurred losses in the current year and previous year. Despite these losses, the current bank balances, together with future expected cashflows, provide the necessary working capital for the company's operations.

Future forecasts predict increase in revenue and profits to be generated in the coming years.

The directors have no reason to believe that a material uncertainty exists that may cast doubt on the ability of the company to continue as a going concern.

ABUNDANCE INVESTMENT LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Future developments

The company intends to continue to make prudent investments in growing the business in order to provide its retail investors with a wide range of socially responsible companies, councils and infrastructure projects for investment, while at the same time continuing to grow brand awareness and customer numbers. The company intends to fund this growth through its own means and by raising further equity when needed.

The company is exploring further new products and intends to launch these in 2021 / 2022.

Disclosure of information in the strategic report

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the company's Strategic Report the Company's Strategic Report information Required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

.....
Mr K Harder
Director

Date: 14 September 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABUNDANCE INVESTMENT LTD

Opinion

We have audited the financial statements of Abundance Investment Ltd (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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 Auditors' 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABUNDANCE INVESTMENT LTD (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report 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; or

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABUNDANCE INVESTMENT LTD (CONTINUED)

Auditors' 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 Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including: The Companies Act, Health and Safety regulations and Client Money regulations issued by the FCA. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- We understood how the Company is complying with those legal and regulatory frameworks by: making inquiries to management, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of board minutes.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. The assessment did not identify any issues in this area.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - Challenging assumptions and judgements made by management in its significant accounting estimates; and identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.
- As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:
 - Lack of segregation of duties in the accounts department.
 - Posting of unusual journals.
 - Management of Client Money accounts.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABUNDANCE INVESTMENT LTD (CONTINUED)

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 Auditors' 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.

Roberto Lobue FCA (Senior Statutory Auditor)

for and on behalf of

Menzies LLP

Chartered Accountants

Statutory Auditor

Victoria House

50-58 Victoria Road

Farnborough

Hampshire

GU14 7PG

15 September 2021

ABUNDANCE INVESTMENT LTD

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2020

| | | 2020 £ | 2019 £ |
|---|----|--------------------|--------------------|
| Turnover | 4 | 1,357,770 | 1,838,400 |
| Administrative expenses | | (2,011,722) | (2,954,532) |
| Other operating income | 5 | 69,165 | - |
| Operating loss | | (584,787) | (1,116,132) |
| Interest receivable and similar income | 9 | 20,717 | 37,088 |
| Loss before tax | | (564,070) | (1,079,044) |
| Tax on loss | 10 | 253,489 | 113,148 |
| Loss after tax | | (310,581) | (965,896) |
| Retained earnings at the beginning of the year | | (6,607,248) | (5,641,352) |
| | | (6,607,248) | (5,641,352) |
| Loss for the year | | (310,581) | (965,896) |
| Retained earnings at the end of the year | | (6,917,829) | (6,607,248) |

The notes on pages 14 to 26 form part of these financial statements.

ABUNDANCE INVESTMENT LTD

REGISTERED NUMBER:07049166

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

| | Note | 2020 £ | 2019 £ |
|---|------|-------------------------|-----------------------|
| Fixed assets | | | |
| Tangible assets | 12 | 35,001 | 47,185 |
| | | <u>35,001</u> | <u>47,185</u> |
| Current assets | | | |
| Debtors | 13 | 946,207 | 973,255 |
| Cash at bank and in hand | | 762,277 | 219,169 |
| | | <u>1,708,484</u> | <u>1,192,424</u> |
| Creditors: amounts falling due within one year | 14 | (535,020) | (404,282) |
| Net current assets | | <u>1,173,464</u> | <u>788,142</u> |
| Total assets less current liabilities | | <u>1,208,465</u> | <u>835,327</u> |
| Creditors: amounts falling due after more than one year | 15 | (51,000) | (51,000) |
| Net assets | | <u><u>1,157,465</u></u> | <u><u>784,327</u></u> |
| Capital and reserves | | | |
| Allotted, called up and fully paid share capital | | 908 | 908 |
| Share premium account | 17 | 7,390,667 | 7,390,667 |
| Other reserves | 17 | 683,719 | - |
| Profit and loss account | 17 | (6,917,829) | (6,607,248) |
| | | <u><u>1,157,465</u></u> | <u><u>784,327</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

.....
Mr K Harder
Director

Date: 14 September 2021

The notes on pages 14 to 26 form part of these financial statements.

ABUNDANCE INVESTMENT LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

| | Called up share capital | Share premium account | Other reserves | Profit and loss account | Total equity |
|--|-------------------------------|-----------------------------|-------------------|-------------------------------|------------------|
| | £ | £ | £ | £ | £ |
| At 1 January 2019 | 908 | 7,390,667 | - | (5,641,352) | 1,750,223 |
| Comprehensive income for the year | | | | | |
| Loss for the year | - | - | - | (965,896) | (965,896) |
| | | | | | |
| At 1 January 2020 | 908 | 7,390,667 | - | (6,607,248) | 784,327 |
| Comprehensive income for the year | | | | | |
| Loss for the year | - | - | - | (310,581) | (310,581) |
| Capital received in advance | - | - | 683,719 | - | 683,719 |
| | | | | | |
| At 31 December 2020 | <u>908</u> | <u>7,390,667</u> | <u>683,719</u> | <u>(6,917,829)</u> | <u>1,157,465</u> |

The notes on pages 14 to 26 form part of these financial statements.

ABUNDANCE INVESTMENT LTD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Cash flows from operating activities | | |
| Loss for the financial year | (310,581) | (965,896) |
| Adjustments for: | | |
| Depreciation of tangible assets | 13,102 | 13,149 |
| Interest received | (20,717) | (37,088) |
| Taxation charge | (253,489) | - |
| Decrease in debtors | 17,000 | 829,482 |
| Increase/(decrease) in creditors | 130,738 | (105,385) |
| Corporation tax received | 263,537 | - |
| Net cash generated from operating activities | (160,410) | (265,738) |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (918) | (55,108) |
| Interest received | 20,717 | 37,088 |
| Capital introduced | 683,719 | - |
| Net cash from investing activities | 703,518 | (18,020) |
| Net increase/(decrease) in cash and cash equivalents | 543,108 | (283,758) |
| Cash and cash equivalents at beginning of year | 219,169 | 502,927 |
| Cash and cash equivalents at the end of year | 762,277 | 219,169 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 762,277 | 219,169 |
| | 762,277 | 219,169 |

The notes on pages 14 to 26 form part of these financial statements.

ABUNDANCE INVESTMENT LTD

ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 DECEMBER 2020

| | At 1 January 2020 £ | Cash flows £ | At 31 December 2020 £ |
|--------------------------|---------------------------|-----------------|-----------------------------|
| Cash at bank and in hand | 219,169 | 543,108 | 762,277 |
| | <u>219,169</u> | <u>543,108</u> | <u>762,277</u> |

The notes on pages 14 to 26 form part of these financial statements.

ABUNDANCE INVESTMENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Abundance Investment Ltd is a private company, limited by shares and incorporated in the United Kingdom. The address of the registered office, which is also the principal place of business, and company number are disclosed on the company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.3 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.4 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

The grant income in the year relates to the Coronavirus Job Retention Scheme furlough receipts.

ABUNDANCE INVESTMENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.5 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.6 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

The Company does not recognise share based payments if they are solely contingent on a future event which has neither happened and of which there is no current expectation that it will happen.

2.7 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

ABUNDANCE INVESTMENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

| | | | |
|-------------------|---|---|---------------------|
| Development costs | - | 3 | years straight line |
|-------------------|---|---|---------------------|

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

| | | | |
|-----------------------------------|---|-----|---------------------|
| Leasehold improvements | - | 25% | Straight line basis |
| Furniture, fittings and equipment | - | 25% | Straight line basis |

At the start of the year the Company changed the accounting policy for furniture, fittings and equipment to 25% straight line basis to bring in line with the reality of asset useage.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

ABUNDANCE INVESTMENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.11 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The directors do not consider there to be any significant judgements made in the process of applying the entity's accounting policies.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and by their nature, will rarely equal the related actual outcome. The directors do not consider that there are any key sources of estimation uncertainty that impact the Company.

4. Turnover

An analysis of turnover by class of business is as follows:

| | 2020 £ | 2019 £ |
|---------------------------|------------------|------------------|
| Rendering of services, UK | 1,357,770 | 1,838,400 |
| | <u>1,357,770</u> | <u>1,838,400</u> |

All turnover arose within the United Kingdom.

ABUNDANCE INVESTMENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

5. Other operating income

| | 2020 £ | 2019 £ |
|------------------------------|---------------|-----------|
| Other operating income | 52,101 | - |
| Government grants receivable | 17,064 | - |
| | <u>69,165</u> | <u>-</u> |

Government grants were received as part of the Coronavirus Job Retention Scheme, there are no unfulfilled conditions or other contingencies in relation to these grants received. The other operating income relates to a £50,000 advance from Innovate UK with the final £2,101 relating to recognition of an R&D RDEC loss relief claim.

6. Operating loss

The operating loss is stated after charging:

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | 4,250 | 3,000 |
| Depreciation of tangible assets | 13,102 | 13,148 |

7. Employees

Staff costs, including directors' remuneration, were as follows:

| | 2020 £ | 2019 £ |
|-------------------------------------|------------------|------------------|
| Wages and salaries | 990,333 | 1,209,616 |
| Social security costs | 114,361 | 137,683 |
| Cost of defined contribution scheme | 17,260 | 2,377 |
| | <u>1,121,954</u> | <u>1,349,676</u> |

The average monthly number of employees, including the directors, during the year was as follows:

| | 2020 No. | 2019 No. |
|-----------|-------------|-------------|
| Staff | 13 | 14 |
| Directors | 5 | 5 |
| | <u>18</u> | <u>19</u> |

ABUNDANCE INVESTMENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

8. Directors' remuneration

| | 2020 £ | 2019 £ |
|-------------------------|----------------|----------------|
| Directors' emoluments | 234,963 | 292,917 |
| Directors pension costs | 2,428 | 2,377 |
| | <u>237,391</u> | <u>295,294</u> |

The highest paid director received remuneration of £97,750 (2019 - £116,917).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,314 (2019 - £1,188).

During the year retirement benefits were accruing to 3 directors (2019 - 3) in respect of defined contribution pension schemes.

9. Interest receivable

| | 2020 £ | 2019 £ |
|---------------------------|---------------|---------------|
| Other interest receivable | 20,717 | 37,088 |
| | <u>20,717</u> | <u>37,088</u> |

10. Taxation

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Corporation tax | | |
| Current tax on profits for the year | (120,670) | - |
| Adjustments in respect of previous periods | (132,819) | (113,148) |
| | <u>(253,489)</u> | <u>(113,148)</u> |
| Total current tax | <u>(253,489)</u> | <u>(113,148)</u> |
| Deferred tax | | |
| Total deferred tax | <u>-</u> | <u>-</u> |
| Taxation on loss on ordinary activities | <u>(253,489)</u> | <u>(113,148)</u> |

ABUNDANCE INVESTMENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

| | 2020 £ | 2019 £ |
|--|-------------------------|-------------------------|
| Loss on ordinary activities before tax | <u>(564,070)</u> | <u>(1,079,044)</u> |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%) | (107,173) | (205,018) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 48 | 365 |
| Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge | (120,670) | - |
| Unrelieved tax losses carried forward | 107,125 | 204,653 |
| R&D tax credit claims made in relation to previous periods | <u>(132,819)</u> | <u>(113,148)</u> |
| Total tax charge for the year | <u>(253,489)</u> | <u>(113,148)</u> |

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

ABUNDANCE INVESTMENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

11. Intangible assets

| | Computer software £ |
|----------------------------|---------------------------|
| Cost | |
| At 1 January 2020 | 121,703 |
| At 31 December 2020 | 121,703 |
| Amortisation | |
| At 1 January 2020 | 121,703 |
| At 31 December 2020 | 121,703 |
| Net book value | |
| At 31 December 2020 | - |
| <i>At 31 December 2019</i> | - |

ABUNDANCE INVESTMENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

12. Tangible fixed assets

| | Leasehold improvements £ | Furniture, fittings and equipment £ | Total £ |
|-------------------------------------|--------------------------------|--|---------------|
| Cost or valuation | | | |
| At 1 January 2020 | 38,718 | 31,168 | 69,886 |
| Additions | - | 918 | 918 |
| | <u>38,718</u> | <u>32,086</u> | <u>70,804</u> |
| At 31 December 2020 | | | |
| | <u>38,718</u> | <u>32,086</u> | <u>70,804</u> |
| Depreciation | | | |
| At 1 January 2020 | 7,744 | 14,957 | 22,701 |
| Charge for the year on owned assets | 7,743 | 5,359 | 13,102 |
| | <u>15,487</u> | <u>20,316</u> | <u>35,803</u> |
| At 31 December 2020 | | | |
| | <u>15,487</u> | <u>20,316</u> | <u>35,803</u> |
| Net book value | | | |
| At 31 December 2020 | <u>23,231</u> | <u>11,770</u> | <u>35,001</u> |
| | <u>30,974</u> | <u>16,211</u> | <u>47,185</u> |
| At 31 December 2019 | | | |

ABUNDANCE INVESTMENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

13. Debtors

| | 2020 £ | 2019 £ |
|-------------------------------------|----------------|----------------|
| Due after more than one year | | |
| Trade debtors | 84,112 | - |
| | <u>84,112</u> | <u>-</u> |
| Due within one year | | |
| Trade debtors | 512,553 | 875,292 |
| Other debtors | 135,301 | 25,123 |
| Prepayments and accrued income | 214,241 | 72,840 |
| | <u>946,207</u> | <u>973,255</u> |

14. Creditors: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 83,490 | 219,586 |
| Other taxation and social security | 359,852 | 106,370 |
| Other creditors | 7,080 | 7,282 |
| Accruals and deferred income | 84,598 | 71,044 |
| | <u>535,020</u> | <u>404,282</u> |

15. Creditors: Amounts falling due after more than one year

| | 2020 £ | 2019 £ |
|-----------------|---------------|---------------|
| Other creditors | 51,000 | 51,000 |
| | <u>51,000</u> | <u>51,000</u> |

ABUNDANCE INVESTMENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

16. Share capital

| | 2020 | 2019 |
|--|------------|------------|
| | £ | £ |
| Allotted, called up and fully paid | | |
| 9,076,489 (2019 - 9,076,489) Ordinary shares of £0.0001 each | <u>908</u> | <u>908</u> |

Each Ordinary share carries voting rights and there are no restrictions on the distribution of dividends.

17. Reserves

Share premium account

The share premium account is the amount received for the shares in excess of the par value.

Other reserves

The other reserves account relates to capital received in advance during the year in relation to a future capital subscription. This amount is not repayable.

Profit and loss account

The profit and loss account records retained earnings.

ABUNDANCE INVESTMENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18. Share based payments

The Company has a share option scheme for selected employees of the company. The Company takes part in this share-based payment plan, and recognises and measures its allocation of the share-based payment expense on a pro-rata basis.

Options are exercisable at a price equal to the estimate fair value of the Company's shares on the date of grant. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest. Per the scheme rules, the options are exercisable where the Company is listed or sold.

See further details in the table below.

| | Weighted average exercise price (pence) 2020 | Number 2020 | Weighted average exercise price (pence) 2019 | Number 2019 |
|---|---|------------------|--|------------------|
| Outstanding at the beginning of the year | 101.87 | 1,007,931 | 101.87 | 1,007,931 |
| Granted during the year | 200 | 44,500 | - | - |
| Outstanding at the end of the year | 106.02 | 1,052,431 | 101.87 | 1,007,931 |

The fair value of the share options at the grant date was calculated using the Black Scholes model, which is considered to be the most appropriate generally accepted valuation method of measuring fair value.

The Company has not recognised any expense in the year or previous year as the Company considers the share options to have no current value based on no foreseeable listing or sale of the Company.

19. Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the year represents

contributions payable by the company to the scheme and amounted to £17,260 (2019 - £17,314).

Contributions totalling £7,080 (2019 - £4,699) were payable to the scheme at the end of the year and are

included in creditors.

ABUNDANCE INVESTMENT LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

20. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2020 £ | 2019 £ |
|--|---------------|---------------|
| Not later than 1 year | 29,875 | 12,000 |
| Later than 1 year and not later than 5 years | 16,375 | - |
| | <u>46,250</u> | <u>12,000</u> |

21. Transactions with directors

At the balance sheet date the Directors owed the company £Nil (2019: £4,059).

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