

Registered number: 14105915

Macaulay Capital Plc
Half Yearly Report
for the 6 months ending 30 June 2023

Macaulay Capital Plc

Chairman's Statement

It is now just over a year since our admission to trading on the Aquis Stock Exchange Growth Market, when we raised a total of £2 million before costs, at 20p per share.

By introducing investors and investing directly ourselves, the Company and its subsidiary, Macaulay Management Limited (together "the Group") provide a combination of growth and replacement capital to established private companies. This helps them to finance their future development as well as facilitating partial exits for founder investors and incentivising the management teams.

For our investors, we structure investments typically as a combination of redeemable loan stock and equity. This gives investors the ability to have much of their capital repaid over time, together with an equity interest in the investee company. We aim to provide investors with a good return on their investment and, because shares in qualifying private companies benefit from Business Relief, they can be transferred free of Inheritance Tax.

As at 30 June 2023, our cash was £368,453 and the value of our investments was £900,000 (at cost). In the six months to 30 June 2023, our revenues were £213,946, on which we incurred losses of £107,566, which was expected while we build our business to the point at which, as a trading business, it breaks even and then becomes profitable.

The Horner Family remains the largest shareholder block with a total of 2.1 million shares (21.0%), which will by July 2024 increase by a further 6 million shares to 8.1 million shares (50.3%), through the exercise of warrants priced at 25p per share.

Trading Activities

On 13 March 2023 and as set out in our Aquis admission document, we announced that we had taken over the management of the investment portfolio (the "Legacy Portfolio") of five private companies from Chelverton Asset Management Limited ("CAM"). Under the agreements with the relevant companies, the Group is responsible for monitoring their performance, which usually includes taking a board position, for which we are entitled to monthly management fees and potential performance fees on exit.

On 23 March 2023 we announced the completion of the secondary management buy-out of Camloc Motion Control Limited, an established Midlands based precision engineering business which manufactures compression struts and dampers. This was bought from a private equity fund, and we partnered with the incumbent management team. We invested £700,000 of the total fundraise of approximately £1.55 million and it remains our intention to sell down £500,000 of our investment in due course. 96.5 per cent. of our investment is in 8% loan stock, which means that we are earning a significant revenue return on our investment.

On 5 June 2023 we announced the completion of a transaction where we raised £940,000 to be invested in Kelda Showers Limited, a company which has developed a disruptive water and energy saving solution to the shower market. The transaction, which was in ordinary shares and expected to be eligible for EIS, was supported by Kelda's management and existing shareholders, together with new investors. Whilst the Group did not itself invest in Kelda as the investment was entirely in ordinary shares, David Horner and Richard Bucknell invested personally an aggregate of £120,000, and the Group earned a transaction fee and is entitled to a monthly monitoring fee.

Post year end, on 21 August 2023 we announced that a trade buyer had acquired all of the shares held by the B Share Investors in Qualification Check Limited (“QCL”). QCL was one of the five companies in the Legacy Portfolio and is a leading provider of global qualification verification services. The B Share Investors were introduced by CAM and for those who invested in February 2017, the sale price is a gross money multiple return of 7.3 times, taking into account EIS relief, and the gain will be free of CGT; and for those who invested in March 2021, the sale price is a gross money multiple return of 3.8 times, before CGT, management and performance fees. These fees are to be shared by the Group and CAM with the net amount receivable by the Group being £211,751.

Our Portfolio

We now have seven portfolio companies. Three of the companies – Devonvale (a manufacturer of flapjacks, cakes and cereal bars based in Honiton), Camloc and Kelda Showers - were identified by us and we helped to structure the investment, agreed terms and arranged the investment.

The other four portfolio companies are from the Legacy Portfolio. As noted above, we have recently arranged an exit by our investors from QCL.

Investors

A business imperative continues to be the broadening of the pool of potential investors for the investment opportunities that we create, and this is where we are focusing our marketing efforts.

We believe that the area of the market that we are targeting for investment is underserved, which will enable us to create shareholder value for our investors through the identification of opportunities to invest in established companies at attractive valuations. We believe that our offering should be of great interest to High Net Worth individuals and family offices, particularly in a time of rising Inheritance Tax assessments.

We also stress to potential investors the importance of investing across a range of our opportunities to reduce their investment risk.

Outlook

We continue to see a wide range of interesting investment opportunities to consider. Our investment process is rigorous and time-consuming, and because we are highly selective, often unrewarding. However, we believe that this robust selection process is essential to achieve good returns for us and our fellow investors.

We are pleased with the progress made to date and expect this to continue in the second half of the year.

Finally, and on behalf of the Board, I would like to thank our shareholders, employees, and advisers for their support.

Lindsay Mair
Chairman
4 September 2023

The Directors take responsibility for this report.

Macaulay Capital Plc

Condensed Consolidated Statement of Comprehensive Income for the 6 months ended 30 June 2023

	Notes	6 months to 30 June 2023 (unaudited) £	Period to 31 December 2022 (audited) £
Income		213,946	118,737
Other expenses		<u>(319,593)</u>	<u>(502,827)</u>
Loss on ordinary activities before interest and taxation		(105,647)	(384,090)
Loan interest		<u>(1,919)</u>	<u>(904)</u>
Loss on ordinary activities before taxation		<u>(107,566)</u>	<u>(384,994)</u>
Taxation		<u>-</u>	<u>-</u>
Loss on ordinary activities after taxation		<u>(107,566)</u>	<u>(384,994)</u>
Loss per Ordinary share in pence	3	<u>(1.08)</u>	<u>(3.85)</u>

Macaulay Capital Plc

Condensed Consolidated Balance Sheet At 30 June 2023

	30 June 2023 (unaudited) £	31 December 2022 (audited) £
Fixed assets		
Tangible assets	3,517	4,219
Investments at fair value through profit or loss	<u>900,000</u>	<u>200,000</u>
	903,517	204,219
Current assets		
Debtors: amounts falling due within one year	90,612	104,962
Cash at bank and in hand	<u>368,453</u>	<u>1,189,219</u>
	<u>459,065</u>	<u>1,294,181</u>
Creditors: amounts falling due within one year		
Other creditors and accruals	<u>(32,142)</u>	<u>(60,394)</u>
Net current assets	<u>426,923</u>	<u>1,233,787</u>
Net assets	<u>1,330,440</u>	<u>1,438,006</u>
Capital and reserves		
Called up share capital	1,000,000	1,000,000
Share premium account	823,000	823,000
Profit and loss account	<u>(492,560)</u>	<u>(384,994)</u>
Shareholders' funds	<u>1,330,440</u>	<u>1,438,006</u>

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Condensed Consolidated Statement of Changes in Equity for the 6 months ended 30 June 2023

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
Period to 31 December 2022 (audited)				
At 13 May 2022	-	-	-	-
Total comprehensive income for the period:				
Loss for the period	-	-	(384,994)	(384,994)
Transactions with Shareholders recorded directly to equity:				
Issue of Ordinary shares	1,000,000	1,000,000	-	2,000,000
Share issue expenses (including irrecoverable VAT)	-	(177,000)	-	(177,000)
At 31 December 2022	1,000,000	823,000	(384,994)	1,438,006
Period to 30 June 2023 (unaudited)				
Total comprehensive income for the period:				
Loss for the period	-	-	(107,566)	(107,566)
At 30 June 2023	1,000,000	823,000	(492,560)	1,330,440

Macaulay Capital Plc

Condensed Consolidated Cash Flow for the 6 months ended 30 June 2023

	6 months to 30 June 2023 (unaudited) £	Period ended 31 December 2022 (audited) £
Cash flows used in operating activities:		
Loss for the year	(107,566)	(384,994)
Adjusted for:		
Depreciation of assets	702	1,407
Interest paid	1,919	904
Decrease/(increase) in debtors	14,350	(104,962)
(Decrease)/increase in creditors	(28,252)	60,394
Net cash used in operating activities	(118,847)	(427,251)
Cash used in investing activities:		
Purchase of investments	(700,000)	(200,000)
Purchase of fixed assets	-	(5,626)
Net cash used in investing activities	(700,000)	(205,626)
Cash flows (used in)/generated from financing activities:		
Issue of Ordinary shares	-	2,000,000
Share issue expenses (including irrecoverable VAT)	-	(177,000)
Interest paid	(1,919)	(904)
Net cash (used in)/generated from financing activities	(1,919)	1,822,096
Net (decrease)/increase in cash and cash equivalents	(820,766)	1,189,219
Reconciliation of net cash flow to movement in net cash:		
(Decrease)/increase in cash	(820,766)	1,189,219
Net cash at start of period	1,189,219	-
Net cash at end of period	368,453	1,189,219

Macaulay Capital Plc

Notes to the Unaudited Financial Statements

1 General information

Macaulay Capital Plc was incorporated on 13 May 2022 for the purpose of acquiring Macaulay Management Limited ("MML"). MML was incorporated on 14 October 2021 and was formed to originate and manage corporate transactions, raise funds from third parties, invest the Group's own funds alongside those of external investors and to manage the Group's investment portfolio with the aim of maximising its value. Macaulay Capital Plc acquired the entire issued share capital of MML on 14 June 2022.

The Company is a public limited company, which is incorporated and registered in England and Wales (Registered number: 14105915).

The registered office address is Suite 8, Bridge House, Courtenay Street, Newton Abbot, TQ12 2QS.

2 Accounting policies

2.1 Basis of preparation of financial statements

The interim financial statements of the Company and its subsidiary for the six months ended 30 June 2023, which are unaudited, have been prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP").

The financial information contained in the Half Yearly report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The financial information for the preceding statutory reporting period is based on the statutory accounts for the period ended 31 December 2022. Those accounts, upon which the auditors, Hazlewoods LLP, issued a report which was unqualified, have been delivered to the Registrar of Companies.

The financial statements have been prepared in accordance with the accounting policies set out in the statutory accounts for the period ended 31 December 2022.

The interim financial statements are presented in sterling.

2.2 Basis of consolidation

The consolidated financial statements incorporate the results of the Company and its subsidiary MML, (the Group), as if they form a single entity using merger accounting. On the establishment of the Company as the ultimate parent of the Group, no change in ownership occurred and the entity was established for the purpose of acquiring MML. Therefore, the requirements of purchase method accounting did not apply.

The financial statements of the subsidiary are prepared for the 6 months to 30 June 2023 using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated on consolidation.

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Notes to the Half Yearly Report (continued)

2.3 Going concern

Company law requires the Directors to consider the appropriateness of the going concern basis when preparing the financial statements. Having reviewed cash flow forecasts for the period to June 2024, the Directors confirm that they consider that the going concern basis is appropriate. This review included consideration of the Group's financial position in respect of its cash flows and investment commitments (of which there are none of significance), the working arrangements of key service providers, the impact of the conflict in Ukraine and the current economic environment. In addition, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

The Directors believe that the Group has sufficient resources to continue in operational existence for the foreseeable future. Thus, they have adopted the going concern basis of accounting in preparing the annual financial statements.

3 Loss per share

The calculation of basic return per share is based on the return after tax and on a weighted average number of ordinary shares in issue in the period. Normal and diluted returns per share are the same as there are no dilutive elements on share capital.

	6 months to 30 June 2023 (unaudited)	Period to 31 December 2022 (audited)
Loss after taxation attributable to Ordinary shareholders (£)	(107,566)	(384,994)
Weighted average Ordinary shares in issue	10,000,000	10,000,000
Loss per Ordinary share - basic and diluted (pence)	(1.08)	(3.85)

For more information please visit: www.macaulaycapital.com