

Registered number: 14105915

Macaulay Capital Plc
Annual Report and Financial Statements
for the year ended 31 December 2023

Macaulay Capital Plc

COMPANY INFORMATION

Directors Lindsay K A Mair (Non-executive Chairman)
David A Horner (Managing Director)
Richard H Bucknell (Chief Investment Officer)

**Company Secretary &
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Company number 14105915

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Independent auditor Hazlewoods LLP
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Bankers C Hoare & Co
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| | |
|-------------|----------------------|
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Macaulay Capital Plc

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Macaulay Capital Plc

Chairman's Statement

For the Year Ended 31 December 2023

Introduction

These accounts are the Company's first full year accounts since its admission to trading on the Aquis Stock Exchange Growth Market (AQSE) in July 2022, when we raised a total of £2 million before costs, at 20p per share.

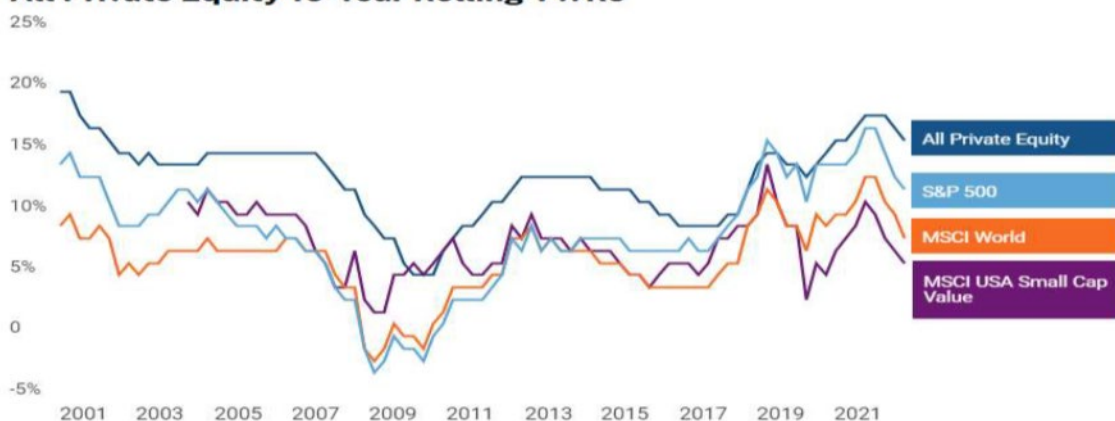
As at 31 December 2023, the Group's net assets stood at £1,361,811, which included investments valued at £900,000 and cash of £338,484. In the year to 31 December 2023, our revenues were £539,225, on which we incurred losses of £76,195. Both our revenue and losses were better than budget, principally due to performance fees we received on the successful exit of one of our portfolio companies, Qualification Check Limited ("QCL"), to which I will return later. Although we expect to incur losses while we build our business, we intend that, as a trading business, we will in due course break even and then become profitable.

The Horner Family increased its stake during the year through a purchase of 200,000 shares at 22.5p per share in the market and remains the largest shareholder block with a total of 2.3 million shares (23% of the Company's issued share capital), which will increase by August 2024, by up to a further 6 million shares, to 8.3 million shares (51.9%), through the exercise of warrants priced at 25p per share.

Strategy

Our strategy is to build an investment origination business focused on unquoted companies, generating fees (transactions and ongoing) and investing alongside external investors and management. We believe that private companies represent an attractive asset class and, as the chart below shows, the performance of private companies, as measured by the ten-year time weighted rate of return, has been consistently stronger and less volatile than that of public companies.

All Private Equity 10-Year Rolling TWRs



Source: Hamilton Lane Data via Cobalt, Bloomberg (January 2023)

We target smaller private companies with an enterprise value of £2-10 million, with proven businesses which have established niches or developed other defensible qualities that enable them to maintain and grow their activities over an extended period of time. We are thus different from many private equity funds which seek to invest in larger companies, in high growth sectors often with novel or disruptive business models.

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Chairman's Statement
For the Year Ended 31 December 2023

In addition, because the sector that we target is of less interest to many investors and thus less competitive, we are able to structure investments at attractive valuations, typically in a combination of redeemable loan stock and equity. This means that investors can expect a yield on their investment, and for most of their capital to be repaid over time, together with an equity interest in the investee company. Also, because shares in private companies benefit from Business Relief, investors will be able to transfer their shares free of inheritance tax.

Our target market can be illustrated as shown below:



Together with our co-investors, we provide a combination of growth and replacement capital to investee companies, which helps them to finance their future development as well as facilitating partial exits for founder investors and incentivising ongoing management through equity ownership.

We believe it important that, where we can, we co-invest alongside the investors we introduce as this not only demonstrates our belief in the investee companies but also aligns our interests with our co-investors and the investee companies.

Portfolio companies

We now have seven portfolio companies which includes four previously managed by Chelverton Asset Management ("CAM", the "Legacy Portfolio"). We identified the other three portfolio companies – Vale Foods Holdings Limited, New Star Industries Limited and Kelda Showers Limited - and helped to agree the terms and structure of the transactions as well as arranging some or all of the investments.

Vale Foods Holdings Limited, which trades as Devonvale, is a manufacturer of flapjacks, cakes and cereal bars based in Honiton, Devon, and was our first investee company. In May 2022, ahead of joining AQSE, we raised £1 million in a combination of ordinary shares (£86,000 for 40% of the equity) and unsecured loan notes (£914,000). Of the £1 million, we invested £200,000, which includes an 8% equity interest. On 18 December 2023 we announced that we had provided Devonvale with £125,000 of a £275,000 bridging loan that it took on in order to finance new premises required to accommodate increased demand for its products. We intend to refinance this loan by the end of December 2024.

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In March 2023 we undertook our second transaction. New Star Industries Limited, which trades as Camloc, is an established Midlands based precision engineering business which manufactures compression struts and dampers. We invested £700,000 out of a total fund raising of £1.55 million, giving us a 23.8% equity interest in the secondary buy-out from a private equity fund. Whilst we intend to sell down £500,000 of this investment to other investors in due course, 96.6% of it comprises 8% loan notes, which means that while we continue to hold these loan notes we are earning a significant revenue return on the investment.

In June 2023 we completed a transaction in relation to Kelda Showers Limited ("Kelda"), a company which has developed a disruptive water and energy-saving solution for the shower market. We raised £940,000, from investors including Kelda's management and existing shareholders but, on this occasion, the Group did not itself invest as the investment was entirely in ordinary shares that were expected to be eligible for EIS relief, for which the Group is not eligible. The Group received an arrangement fee of £47,000 in respect of the transaction however and continues to receive an annual management fee from Kelda.

In addition to the above three companies, during the year we managed an investment portfolio of five private companies, (now four following the QCL exit), previously managed by CAM. Under the agreements with the relevant companies, we are responsible for monitoring their performance on behalf of investors previously introduced by CAM. This includes a board position, for which we are entitled to monthly management fees and potential performance fees on exit.

QCL

QCL is a leading provider of global qualification verification services. In August 2023, we announced that a trade buyer had acquired all of the shares held by the B Share Investors in QCL, who had been introduced by CAM. For those who invested in February 2017, the sale price was a gross money multiple return of 7.3 times, taking into account EIS relief, and the gain is free of CGT. For those who invested in March 2021, the sale price was a gross money multiple return of 3.8 times, before CGT, and before management and performance fees payable on the exit. The management and performance fees were shared by Macaulay and CAM with the net amount received by Macaulay being £211,751.

Investors

We believe that the area of the market that we target for investment is underserved. This gives us the opportunity to generate good returns for investors by identifying established private companies at attractive valuations: the QCL exit is an excellent example of what we are seeking to achieve.

Whilst we believe it important that investors invest across a range of our opportunities to reduce their investment risk, we are confident that the potential for significant capital returns and the fact that the equity is transferable free of inheritance tax, should mean that our offering is of great interest to High-Net-Worth individuals and Family Offices.

Accordingly, and as we have said previously, a business imperative is to look for ways to broaden the pool of potential investors for the investment opportunities that we identify. This is where we are focusing our marketing efforts.

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Chairman's Statement
For the Year Ended 31 December 2023

Outlook

Whilst we did not introduce any new investments to our investors in the second half of 2023, we have a number of highly promising investment opportunities in our pipeline. Our investment process is rigorous and time-consuming, and we are highly selective, but we hope to bring some of these opportunities to fruition in the first half of 2024.

Overall, we believe that we are on track and are pleased with the progress that we have made to date and look forward to the remainder of 2024.

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

Lindsay Mair
Chairman
21 March 2024

Macaulay Capital Plc
Strategic Report
For the Year Ended 31 December 2023

Introduction

Macaulay Capital Plc is pleased to announce the Group and Company's results and strategic report for the year ended 31 December 2023. The results incorporate the results of the Company's 100% owned subsidiary Macaulay Management Limited ("MML") for the year ended 31 December 2023.

Principal Activity

Macaulay Capital Plc is a financial services group quoted on the Aquis Stock Exchange Growth Market ("AQSE"). Its shares were admitted to trading on AQSE on 29 July 2022. The principal activity of the Group is 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 for Shareholders.

Macaulay Capital Plc was incorporated on 13 May 2022 as a UK public limited company for the purpose of acquiring MML which was incorporated on 14 October 2021. Macaulay Capital Plc acquired the entire issued share capital of MML on 14 June 2022.

Accordingly, Macaulay Capital's strategy is to build an investment origination business focused on unquoted companies, generating fees (transactions and ongoing) and participating in transactions alongside external investors in order to generate capital gains.

Business Review

The Consolidated Statement of Comprehensive Income and Consolidated and Company Balance Sheets for the year are set out on pages 15 to 17. A review of developments affecting the Group during the year and of its prospects for the future is included in the Chairman's Statement on pages 1 to 4.

Principal risks and uncertainty

The Group's strategy is to follow an appropriate risk policy, which effectively manages exposures related to the achievement of business objectives. The Board is responsible for approving the Group's strategy and determining the appropriate level of risk. The key risks which the Group faces are detailed as follows:

- Performance of portfolio companies – the Group has two investments in investee businesses and is responsible for monitoring the performance of these two companies together with Kelda Showers and also of four companies in the Legacy Portfolio. The success of these businesses is important to the Group's reputation.
- Valuation risk – the valuation of these businesses is a significant factor in the Group's valuation.
- Market conditions for raising finance – the Group's business involves assisting businesses to raise finance and adverse market conditions could affect its ability to do so.

Macaulay Capital Plc
Strategic Report
For the Year Ended 31 December 2023

Performance review

The Key Performance Indicators ("KPIs") for the Group are as follows:

| KPI | As at/year ended 31 December 2023 £'000 | As at/period ended 31 December 2022 £'000 | Comment |
|-----------------|--|--|---|
| Cash balance | 338 | 1,189 | - |
| Revenues | 539 | 119 | As a recently incorporated business, the Group is building its revenues |
| Loss before tax | (76) | (385) | The Group has a low cost-base and plans to reach breakeven/become profitable and cash positive as it builds its revenues |
| Net asset value | 1,362 | 1,438 | The Group is aiming to increase its net asset value by investing in businesses which, over time and as realisations occur, increase the Group's net asset value |
| Share price | 21.5p | 25.5p | Good performance by the business should be reflected in the Company's share price |

Section 172 statement

The Directors are fully aware of their responsibilities to promote the success of the Group in accordance with section 172 of the Companies Act 2006 and have acted in accordance with these responsibilities during the year.

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to the interests of all stakeholders, including the impact of its activities on the community, the environment and the Group's reputation, when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Group for its members in the long term.

The Group has identified key core values by which it intends to undertake its business and to promote the success of all stakeholders.

- **Maximising investor return:** Investments are generally made in profitable and established companies using structures incorporating loan notes as well as equity to maximise returns for ourselves and our co-investors and to manage risk.
- **Alignment of interests:** Macaulay generally co-invests, thus aligning its interests with those of the investors it introduces.
- **Pragmatic:** We are straightforward in our dealings and will always seek to let common sense prevail in our dealings with both companies and investors.
- **Acts with integrity:** Being open, honest and transparent is core to our philosophy and helps build enduring and trusting relationships.

Macaulay Capital Plc
Strategic Report
For the Year Ended 31 December 2023

Section 172 statement (continued)

The Board has identified that the Group's key stakeholders are:

- Employees and management team
- Shareholders
- Investee companies and other companies to which it provides services
- Suppliers

Throughout the year the Board considered the wider impact of strategic and operational decisions on the Group's stakeholders.

Employees and management team

The people who work in the Group's business are key to the long-term success of the Group. Senior management including the Company's Directors meet regularly to discuss all aspects of the business.

Shareholders

The Company's Shareholders are key to the long-term success of the Company and Group. The support and engagement of Shareholders are imperative to the future success of the business. The Board ensures that it acts fairly with regard to Shareholders and there is an ongoing dialogue with them.

Investee companies and other companies to which it provides services

The Group is in regular contact with investee companies and others through their management teams and maintains an open dialogue with them.

Suppliers

The Group relies on the provision of outside parties to operate and has engaged with several advisers to assist and advise it in connection with investments, in connection with its admission to AQSE, and to meet its regulatory obligations. Reports and advice from these advisers are received and form part of discussions by the Directors as appropriate. The Board undertakes a review of all the suppliers to ensure that they are providing the Group with the required level of service.

Community and Environment

The Group seeks to reduce its impact on the environment and where possible communicates electronically rather than through printed hard copies.

Approved by the board on 21 March 2024 and signed on its behalf:

Lindsay Mair
Chairman

Macaulay Capital Plc
Directors' Report
For the Year Ended 31 December 2023

The Directors present their report and the financial statements for the year ended 31 December 2023.

Directors' responsibilities statement

The Directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 the Group 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 for the Group'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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the period, after taxation, amounted to £76,195 (2022: £384,994). The Directors do not recommend the payment of a dividend.

Directors

The Directors who served during the period were:

Lindsay K A Mair
David A Horner
Richard H Bucknell

Lindsay Keith Anderson Mair, ACA (Age 66), Non-Executive Chairman – appointed 13 May 2022
Lindsay is a former investment banker with extensive capital markets experience acquired over a thirty-year career in the City, advising small cap companies on transactions (capital markets and M&A) and on ongoing compliance with market regulations. Between 2000 and 2019 he was also an approved qualified executive for AIM listed companies and has held a number of company directorships. Lindsay is a chartered accountant having qualified with Touche Ross (now Deloitte) in 1987.

Macaulay Capital Plc
Directors' Report (continued)
For the Year Ended 31 December 2023

David Alistair Horner (Age 64), Managing Director – appointed 13 May 2022

David qualified as a chartered accountant with Touche Ross (now Deloitte) and in 1986 joined 3i Corporate Finance Limited. In 1997, he formed CAM which specialises in managing portfolios of investments in private companies and small to medium sized public companies. He is the managing director of CAM. He manages the Chelverton UK Dividend Trust plc and is Chairman of AIM listed CEPS plc. David Horner resigned his membership of the ICAEW as his work became focused on fund management.

Richard Bucknell (Age 54) Chief Investment Officer – appointed 17 May 2022

Richard is an experienced private equity investment professional who has led over 30 investments into smaller companies since 1998. In most of those transactions he has represented investor interests on the board of the companies involved. He has helped shape the strategic development of the companies over time, through to managing the realisation process on behalf of investors. Prior to joining Macaulay Capital, Richard was Investment Director at CAM, responsible for its portfolio of unquoted investments, and previously held a number of senior investment management positions at firms that included Barclays Ventures, Livingbridge (previously ISIS Equity Partners) and Catapult Venture Managers.

The future developments of the Group are discussed in the Chairman's statement.

Financial instruments

The Group has various financial instruments such as trade debtors and investments in equity and debt instruments which arise directly from operations. The Group does not enter into derivative transactions.

The main financial risks arising from the Group's activities are investment risk, credit risk and liquidity risk. These are monitored by the Board of Directors and were not considered to be significant at the Balance Sheet date.

The Group actively manages its financial risks in order to meet its foreseeable needs in the short and medium term.

Credit risk

The Group's principal financial assets are its investments, cash and debtors. The Directors consider there to be minimal credit risk in respect of the Group's cash balances as they are held at a UK bank. The Directors manage credit risk in respect of debtors (including the holdings of loan stock in investee companies) by reviewing outstanding balances on a regular basis.

Going concern

Company law requires the Directors to consider the appropriateness of the going concern basis when preparing the financial statements. Having considered the period to December 2025, the Directors confirm that they consider that adopting the going concern basis is appropriate.

At 31 December 2023 the Group had cash balances of approximately £0.3 million and has access to £1.5 million from the exercise of the Founder Warrants as detailed in Note 15. Therefore, 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.

Macaulay Capital Plc
Directors' Report (continued)
For the Year Ended 31 December 2023

Disclosure of information to auditor

Each of the persons who is a Director 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 and the Group's auditor is unaware, and;
- the Director has taken all the steps that he ought to have taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Substantial shareholdings

The Directors had been notified of the following notifiable interests in the voting shares of the Company at 31 December 2023.

| | Number of shares | % of total voting rights |
|----------------|-------------------------|---------------------------------|
| H Horner | 1,000,000 | 10.0% |
| T Horner | 1,000,000 | 10.0% |
| D and M Horner | 300,000 | 3.0% |

Post balance sheet events

There are no post balance sheet events to report.

Annual General Meeting

The business of the meeting is set out in the Notice of Meeting out on pages 34 to 37 of this Report. Resolutions will be proposed to receive and adopt the Annual Report and Financial Statements, to re-elect the Directors and to re-appoint Hazlewoods LLP as the Company's Independent Auditor.

Shareholders are encouraged to submit their proxy votes ahead of the meeting appointing the Chair of the meeting who will ensure that the vote will count rather than a named person. The form of proxy is attached and can be submitted by post to Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX, or online by logging into www.shareregistrars.uk.com, or through CREST.

Any Shareholder who would like to lodge questions in advance of the Annual General Meeting is invited to do so by email to the Company Secretary at macaulay@iscaadmin.co.uk or in writing to ISCA Administration Services Limited, The Office Suite, Den House, Den Promenade, Teignmouth TQ14 8SY. The Company always responds to letters from individual Shareholders.

Hazlewoods LLP has expressed its willingness to continue in office and a resolution to re-appoint it will be proposed at the forthcoming Annual General Meeting

Lindsay Mair
Chairman
21 March 2024

Macaulay Capital Plc

Independent Auditor's Report to the Members of Macaulay Capital Plc

for the Year Ended 31 December 2023

Opinion

We have audited the financial statements of Macaulay Capital Plc (the 'parent company') and its subsidiary (the 'Group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes 1 – 18 in the financial statements, 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 Group's and of the Parent Company's affairs as at 31 December 2023 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the provisions 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 as applied to listed entities, 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 and 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter – Group

Valuation, ownership and existence of investments

The Group's investment portfolio is one of the key drivers of its results, 100% of which is in unquoted investments in line with the Group's strategy.

The valuation of unquoted investments involves significant judgements and estimates. In particular, we look at where the Directors made subjective judgements in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

How our audit addressed the key audit matter

We obtained an understanding of how the valuation was performed and considered whether the method chosen was in accordance with the published guidance and reviewed and challenged the assumptions applied to the valuation inputs. We verified and benchmarked key inputs and estimates to independent information from our own research and against metrics from the investments and, where appropriate, we performed sensitivity analysis on the valuation calculations and alternative valuation methods were considered and discussed with management to provide alternative views on the value of the investments.

Further, we also considered the economic environment in which the investments operate, to identify factors that could impact the investment valuation.

Ownership and existence are also considered significant risks. We confirmed investment holdings to share certificates and Companies House.

There were no key audit matters in respect of the parent company.

Our application of materiality

When establishing overall audit strategy, we set certain thresholds which help us determine the nature, timing and extent of our audit procedures and evaluate the effects of misstatements, both individually and on the financial statements as a whole. During planning we determined a magnitude of uncorrected misstatements that we judge would be material for the financial statements as a whole (FSM). During planning, FSM was calculated as £37,000, which was not changed during the course of our audit. We agreed with the Audit Committee that we would report all unadjusted differences in excess of £2,000, as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our audit scope included all components and was performed to Group materiality. Our audit work therefore covered 100% of Group revenue, Group loss and total Group assets and liabilities. It was performed to the materiality levels set out above.

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

Macaulay Capital Plc
Independent Auditor's Report to the Members of Macaulay Capital Plc (continued)
for the Year Ended 31 December 2023

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 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 Group 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 by the parent company, 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 8, 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 controls as the Directors determine are 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 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Macaulay Capital Plc

Independent Auditor's Report to the Members of Macaulay Capital Plc (continued) for the Year Ended 31 December 2023

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:

In identifying and assessing risks of material misstatement in respect of fraud, including irregularities and non-compliance with laws and regulations, our procedures included the following:

We obtained an understanding of the legal and regulatory frameworks applicable to the Group financial statements or that had a fundamental effect on the operations of the Group. We determined that the most significant laws and regulations included the application of International Financial Reporting Standards (IFRSs), Companies Act 2006 and taxation laws.

We understood how the Group is complying with those legal and regulatory frameworks by making inquiries of management, and those responsible for legal and compliance procedures.

We assessed the susceptibility of the Group'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 with unusual characteristics.

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

Use of this 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.

Rebecca Copping (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor
Staverton Court
Staverton
Cheltenham
GL51 0UX

21 March 2024

Macaulay Capital Plc
Consolidated Statement of Comprehensive Income
for the Year Ended 31 December 2023

| | | Year ended 31 December 2023 | Period ended 31 December 2022 |
|---|--------------|--|--|
| | Notes | | |
| Income | 4 | 539,225 | 118,737 |
| Other expenses | 5/6 | <u>(613,501)</u> | <u>(502,827)</u> |
| Loss on ordinary activities before interest and taxation | | (74,276) | (384,090) |
| Interest | | <u>(1,919)</u> | <u>(904)</u> |
| Loss on ordinary activities before taxation | | <u>(76,195)</u> | <u>(384,994)</u> |
| Taxation | 7 | <u>-</u> | <u>-</u> |
| Loss on ordinary activities after taxation | | <u>(76,195)</u> | <u>(384,994)</u> |
| Loss per Ordinary share in pence | 9 | <u>(0.76)p</u> | <u>(3.85)p</u> |

The notes on pages 21 to 33 form part of these financial statements.

Macaulay Capital Plc
Consolidated Balance Sheet
as at 31 December 2023

| | Notes | 2023 £ | 2022 £ |
|---|-------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 10 | 2,813 | 4,219 |
| Investments at fair value through profit or loss | 11 | <u>900,000</u> | <u>200,000</u> |
| | | 902,813 | 204,219 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 13 | 175,503 | 104,962 |
| Cash at bank and in hand | | <u>338,484</u> | <u>1,189,219</u> |
| | | <u>513,987</u> | <u>1,294,181</u> |
| Creditors: amounts falling due within one year | | | |
| Other creditors and accruals | 14 | <u>(54,989)</u> | <u>(60,394)</u> |
| Net current assets | | <u>458,998</u> | <u>1,233,787</u> |
| Net assets | | <u>1,361,811</u> | <u>1,438,006</u> |
| Capital and reserves | | | |
| Called up share capital | 15 | 1,000,000 | 1,000,000 |
| Share premium account | 2.17 | 823,000 | 823,000 |
| Profit and loss account | | <u>(461,189)</u> | <u>(384,994)</u> |
| Shareholders' funds | | <u>1,361,811</u> | <u>1,438,006</u> |

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 21 March 2024.

Lindsay Mair
Director

The notes on pages 21 to 33 form part of these financial statements.

Macaulay Capital Plc
Company Balance Sheet
as at 31 December 2023

| | Notes | 2023 £ | 2022 £ |
|---|-------|-------------------------|-------------------------|
| Fixed assets | | | |
| Investments in subsidiary | 12 | <u>1,000,000</u> | <u>1,000,000</u> |
| | | 1,000,000 | 1,000,000 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 13 | 323,408 | 28,517 |
| Cash at bank and in hand | | <u>259,873</u> | <u>1,082,652</u> |
| | | <u>583,281</u> | <u>1,111,169</u> |
| Creditors: amounts falling due within one year | | | |
| Other creditors and accruals | 14 | <u>(34,944)</u> | <u>(390,814)</u> |
| Net current assets | | <u>548,337</u> | <u>720,355</u> |
| Net assets | | <u>1,548,337</u> | <u>1,720,355</u> |
| Capital and reserves | | | |
| Called up share capital | 15 | 1,000,000 | 1,000,000 |
| Share premium account | | 823,000 | 823,000 |
| Profit and loss account | | <u>(274,663)</u> | <u>(102,645)</u> |
| Equity Shareholders' funds | | <u>1,548,337</u> | <u>1,720,355</u> |

The financial statements were approved and authorised for issue by the Board on 21 March 2024 and were signed on its behalf by

Lindsay Mair

Director

The notes on pages 21 to 33 form part of these financial statements.

Macaulay Capital Plc
Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2023

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total Equity Shareholders' Funds £ |
|---|--|--|--|---|
| At 1 January 2023 | 1,000,000 | 823,000 | (384,994) | 1,438,006 |
| Total comprehensive income for the period: | | | | |
| Loss for the period | - | - | (76,195) | (76,195) |
| At 31 December 2023 | 1,000,000 | 823,000 | (461,189) | 1,361,811 |

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total Equity Shareholders' Funds £ |
|--|--|--|--|---|
| 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 |
| Expenses of share issue | - | (175,000) | - | (175,000) |
| Irrecoverable VAT on share issue expenses | - | (2,000) | - | (2,000) |
| At 31 December 2022 | 1,000,000 | 823,000 | (384,994) | 1,438,006 |

The notes on pages 21 to 33 form part of these financial statements.

Macaulay Capital Plc
Company Statement of Changes in Equity
for the Year Ended 31 December 2023

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total Equity Shareholders' Funds £ |
|---|--|--|--|---|
| At 1 January 2023 | 1,000,000 | 823,000 | (102,645) | 1,720,355 |
| Total comprehensive income for the period: | | | | |
| Loss for the period | - | - | (172,018) | (172,018) |
| At 31 December 2023 | 1,000,000 | 823,000 | (274,663) | 1,548,337 |

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total Equity Shareholders' Funds £ |
|--|--|--|--|---|
| At 13 May 2022 | - | - | - | - |
| Total comprehensive income for the period: | | | | |
| Loss for the period | - | - | (102,645) | (102,645) |
| Transactions with Shareholders recorded directly to equity: | | | | |
| Issue of Ordinary shares | 1,000,000 | 1,000,000 | - | 2,000,000 |
| Expenses of share issue | - | (175,000) | - | (175,000) |
| Irrecoverable VAT on share issue expenses | - | (2,000) | - | (2,000) |
| At 31 December 2022 | 1,000,000 | 823,000 | (102,645) | 1,720,355 |

The notes on pages 21 to 33 form part of these financial statements.

Macaulay Capital Plc
Consolidated Cash Flow
for the Year Ended 31 December 2023

| | 2023 | 2022 |
|---|------------------|------------------|
| | £ | £ |
| Cash flows used in operating activities: | | |
| Loss for the year | (76,195) | (384,994) |
| Adjusted for: | | |
| Depreciation of assets | 1,406 | 1,407 |
| Interest paid | 1,919 | 904 |
| Increase in debtors | (70,541) | (104,962) |
| (Decrease)/increase in creditors | (5,405) | 60,394 |
| Net cash used in operating activities | (148,816) | (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 | (850,735) | 1,189,219 |
| Reconciliation of net cash flow to movement in net cash: | | |
| (Decrease)/ increase in cash | (850,735) | 1,189,219 |
| Net cash at start of period | 1,189,219 | - |
| Net cash at end of period | 338,484 | 1,189,219 |

The notes on pages 21 to 33 form part of these financial statements.

Macaulay Capital Plc
Notes to the Financial Statements
for the Year Ended 31 December 2023

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 The Office Suite, Den House, Den Promenade, Teignmouth, TQ14 8SY.

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 Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

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 Basis of consolidation

The consolidated financial statements incorporate the results of the Company and its subsidiary MML, (together 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 year ended 31 December 2023 using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them are eliminated on consolidation.

2.3 Going concern

Company law requires the Directors to consider the appropriateness of the going concern basis when preparing the financial statements. At 31 December 2023, the Group had cash balances of approximately £0.3 million and has access to £1.5 million from the exercise of the Founder Warrants as detailed in Note 15. Having reviewed cash flow forecasts for the period to 31 December 2025, the Directors confirm that they consider that the going concern basis is

Macauley Capital Plc
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2023

Going concern (continued)

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 conflicts in Ukraine and the Middle East 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.

2.4 Revenue recognition

Income from arrangement fees is recognised when the investment has been completed. Invoices for monitoring fees are raised in line with each agreement. Fixed returns on debt securities are recognised on a time-apportioned basis so as to reflect the effective yield. Interest income is recognised in the consolidated profit and loss account using the effective interest method.

2.5 Income

Income is attributable to the principal activities of the Group which are to 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.

All of the reported revenue and operational results for the year derive from the Group's principal activities and its investments and are recognised on an accruals basis. The Group is not reliant on any one customer.

2.6 Tangible fixed assets

Tangible fixed assets 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, using the methods below:

Computer equipment - 4 years straight line.

2.7 Investment in subsidiaries

Investments in subsidiaries are measured at cost less any accumulated impairment in value.

2.8 Financial instruments

The Group only enters into basic financial instruments and transactions that result in the recognition of financial assets and liabilities such as trade debtors, investments and debt instruments and other debtors and creditors. The Company has adopted section 11 of FRS 102 on the recognition and measurement of financial instruments.

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 comprehensive income.

Macaulay Capital Plc
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2023

2.9 Investments

Investments are measured initially at cost and at subsequent reporting dates at fair value and derecognised at the trade date. Accordingly, as permitted by FRS 102, investments in shares and loan notes upon their initial recognition are designated as investments at fair value through profit or loss on the basis that they qualify as a group of assets managed, and whose performance is evaluated, on a fair value basis in accordance with a documented investment strategy. Investments at fair value through profit or loss are measured initially at transaction price (not adjusted for transaction costs) and at subsequent reporting dates at fair value. The changes in fair value of investments are recognised in profit or loss and are treated as unrealised holding gains or losses. Purchases and sales of investments are recognised in the financial statements at the date of the transaction (trade date).

2.10 Debtors

Short-term debtors are measured at transaction price, less any impairment.

2.11 Cash and cash equivalents

Cash comprises cash at bank and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, should they arise, will be measured initially at fair value net of transaction costs, and will be measured subsequently at amortised cost using the effective interest method.

2.13 Pensions - contributory pension plan

The Group previously operated a contributory plan for its employees. Once the contributions have been paid the Group has no further payment obligations.

In the previous period the contributions were recognised as an expense in the profit and loss account when they fell due. The current employees have opted out of the Scheme and hence there is no charge in the profit and loss account.

2.14 Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential ordinary shares.

2.15 Dividend policy

The Company expects that returns to Shareholders will be delivered primarily through an appreciation in the price of the Ordinary Shares rather than by capital distribution through regular dividends.

Macaulay Capital Plc
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2023

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Where they relate to timing differences in respect of interests in subsidiaries and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.17 Reserves

Share premium account

The share premium account represents the accumulated premium paid for shares issued in previous periods above their nominal value less issue expenses. This is a reserve forming part of non-distributable reserves. The following items are taken to this reserve:

- costs associated with the issue of equity; and
- premium on the issue of shares.

Profit and loss account

This reserve holds the accumulation of profits and losses reduced by any dividends paid to Shareholders.

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

The preparation of the financial statements requires the Board to make judgements and estimates regarding the application of policies and affecting the reported amounts of assets, liabilities, income and expenses. Estimates and assumptions mainly relate to the fair valuation of the fixed asset investments particularly unquoted investments. Estimates are based on historical experience and other assumptions that are considered reasonable under the circumstances. The estimates and the assumptions are under continuous review with particular attention paid to the carrying value of the investments.

Investments at fair value through profit or loss are regularly reviewed to ensure that the fair values are appropriately stated. Unquoted investments in shares and loan notes are valued in accordance with current International Private Equity and Venture Capital Valuation (IPEVC)

Macaulay Capital Plc
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2023

Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Valuation Guidelines, which can be found on their website at www.privateequityvaluation.com, although this does rely on subjective estimates such as appropriate sector earnings or revenue multiples, forecast results of investee companies, asset values of investee companies and liquidity or marketability of the investments held.

4 Income

| | Year to | Period to |
|---------------------------|-------------------------|-------------------------|
| | 31 December 2023 | 31 December 2022 |
| | £ | £ |
| Arrangement fees | 102,168 | 35,000 |
| Monitoring fees | 157,352 | 74,722 |
| Loan note interest | 56,717 | 9,015 |
| Performance fees received | 211,751 | - |
| Interest received | 11,237 | - |
| | 539,225 | 118,737 |

5 Other expenses

| | Year to | Period to |
|---|-------------------------|-------------------------|
| | 31 December 2023 | 31 December 2022 |
| | £ | £ |
| Administration and secretarial services | 29,700 | 10,417 |
| Auditor's remuneration for: | | |
| - Audit services | 18,000 | 15,000 |
| - Non-audit services | - | 6,319 |
| Data and IT support | 31,774 | 47,969 |
| Legal & professional fees | 73,606 | 67,701 |
| Irrecoverable VAT | 24,709 | 15,897 |
| Other expenses | 84,152 | 51,658 |
| | 261,941 | 214,961 |

The Audit fee paid by the Company was £9,500 (2022: £9,500).

6 Directors' remuneration and employee costs

| | Year ended | Period to |
|-------------------------------|-------------------------|-------------------------|
| | 31 December 2023 | 31 December 2022 |
| | £ | £ |
| Directors' fees | 165,666 | 88,449 |
| Director's healthcare | 8,618 | 459 |
| Staff salaries | 140,001 | 172,975 |
| Pension contributions | - | 2,345 |
| Employer's national insurance | 37,275 | 23,638 |
| | 351,560 | 287,866 |

The average number of employees for the Group was 4 (2022: 4).

Macaulay Capital Plc
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2023

7 Taxation

| | Year to 31 December 2023 | Period to 31 December 2022 |
|-----------------------------------|---|---|
| | £ | £ |
| Analysis of charge in year | | |
| Current tax | - | - |
| | - | - |

Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 25% (2022:19%). The differences are explained below:

| | Year to 31 December 2023 | Period to 31 December 2022 |
|---|---|---|
| | £ | £ |
| Loss on ordinary activities | (76,195) | (384,994) |
| Theoretical tax at UK corporation tax rate of 23.52% (2022:19%) | | |
| Corporation tax | (17,921) | (73,149) |
| Ineligible depreciation | 331 | 267 |
| Expenses not deductible for tax purposes | - | - |
| Excess expenses for the year | 17,590 | 72,882 |
| Current tax charge for the year | - | - |

Factors that may affect future tax charges

At 31 December 2023 the Company had surplus management expenses of £458,376 (2022: 383,587).

8 Parent company loss for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The loss after tax of the parent company for the year was £172,018 (2022: £102,645).

Macaulay Capital Plc
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2023

9 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. Basic and diluted returns per share are the same as there are no dilutive elements on share capital.

| | Year to 31 December 2023 | Period to 31 December 2022 |
|---|-------------------------------------|---------------------------------------|
| Loss after taxation attributable to Ordinary shareholders (£) | (76,195) | (384,994) |
| Weighted average Ordinary shares in issue | 10,000,000 | 10,000,000 |
| Loss per Ordinary share - basic and diluted (pence) | (0.76) | (3.85) |

10 Tangible fixed assets

| | 31 December 2023 Group Computer equipment £ | 31 December 2022 Group Computer equipment £ |
|---|--|--|
| Cost or valuation | | |
| At 1 January 2023 | 5,626 | - |
| Additions | - | 5,626 |
| At 31 December 2023 | 5,626 | 5,626 |
| Depreciation | | |
| At 1 January 2023 | 1,407 | - |
| Charge for the year | 1,406 | 1,407 |
| At 31 December 2023 | 2,813 | 1,407 |
| Net book value at 31 December 2023 | 2,813 | 4,219 |

Macaulay Capital Plc
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2023

11 Investments

| | | | 31 December 2023 | 31 December 2022 |
|--|----------------------------------|--|---------------------|---------------------|
| | Investment in loan notes £ | Investment in unlisted shares £ | Total £ | Total £ |
| Investments held at fair value through profit or loss | | | | |
| Opening book cost | 182,800 | 17,200 | 200,000 | - |
| Opening valuation | 182,800 | 17,200 | 200,000 | - |
| Movements in the year: | | | | |
| Purchases at cost | 676,231 | 23,769 | 700,000 | 200,000 |
| Closing valuation | 859,031 | 40,969 | 900,000 | 200,000 |
| Closing book cost | 859,031 | 40,969 | 900,000 | 200,000 |
| Closing valuation | 859,031 | 40,969 | 900,000 | 200,000 |

On 20 May 2022, the Group invested in a company in the bakery industry by purchasing 17,200 Ordinary B shares at £1 per share and issuing an unsecured loan note of £182,800 with 8% interest. Interest is received as it falls due every anniversary date and the principal is to be repaid in full on 20 May 2027.

On 23 March 2023, the Group invested in an engineering company by purchasing 23,769 Ordinary B shares at £1 per share and issuing an unsecured loan note of £676,231 with 8% interest. Interest is received as it falls due every anniversary date and the principal is to be repaid in full on 20 May 2028.

The fair value of the investments is established by using measures of value such as the price of recent transactions, earnings or revenue multiples, discounted cash flows and net assets. These are consistent with the IPEVC Valuation Guidelines.

Investment in shares and loan notes were valued using recent EBITDA information and relevant industry multiples, where value deemed reasonable as compared to using industry EBITDA multiple and net assets value approach.

At 31 December 31, 2023, the fair market value of the investment in shares and loan notes approximated to its carrying value.

Macaulay Capital Plc
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2023

12 Investment in subsidiary undertaking

| | 31 December 2023 | 31 December 2022 |
|------------------------------------|-----------------------------|-----------------------------|
| | Company £ | Company £ |
| At 1 January 2023 | 1,000,000 | - |
| Additions | - | 1,000,000 |
| Carrying value at 31 December 2023 | 1,000,000 | 1,000,000 |

At 31 December 2023 the Company held interests in the following subsidiary company

| | Country of incorporation | % of capital held | % share of voting rights | Nature of business |
|-----------------------------|-------------------------------------|------------------------------|-------------------------------------|-------------------------------|
| Macaulay Management Limited | England | 100% | 100% | Investment company |

The registered address of the subsidiary is the same as the Company.

13 Debtors

| | Group 31 December 2023 £ | Company 31 December 2023 £ |
|--------------------------------|---|---|
| Due within one year: | | |
| Trade debtors | 27,600 | - |
| Other debtors | 126,820 | - |
| Amounts due from subsidiary | - | 314,316 |
| Prepayments and accrued income | 21,083 | 9,092 |
| | 175,503 | 323,408 |

| | Group 31 December 2022 £ | Company 31 December 2022 £ |
|--------------------------------|---|---|
| Due within one year: | | |
| Trade debtors | 58,781 | - |
| Other debtors | 31,920 | 23,949 |
| Prepayments and accrued income | 14,261 | 4,568 |
| | 104,962 | 28,517 |

Macaulay Capital Plc
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2023

14 Creditors amounts falling due within one year

| | Group | Company |
|------------------------------------|-------------------------|-------------------------|
| | 31 December 2023 | 31 December 2023 |
| | £ | £ |
| Trade creditors | 7,377 | 4,607 |
| Other taxation and social security | 11,389 | 6,624 |
| Accruals and other creditors | 36,223 | 23,713 |
| | 54,989 | 34,944 |

| | Group | Company |
|------------------------------------|-------------------------|-------------------------|
| | 31 December 2022 | 31 December 2022 |
| | £ | £ |
| Amounts due to subsidiary | - | 350,908 |
| Trade creditors | 4,173 | 963 |
| Other taxation and social security | 12,155 | 7,391 |
| Accruals and other creditors | 44,066 | 31,552 |
| | 60,394 | 390,814 |

15 Called up share capital

| | Group and Company | |
|----------------------------------|------------------------------------|------------------|
| | 31 December 2022 & 2023 | |
| | Number | £ |
| Issued, allotted and fully paid: | | |
| Ordinary shares of 10p each | 10,000,000 | 1,000,000 |

Ordinary shares have full voting rights with 1 vote per share, they are entitled to dividends when proposed and are due a capital distribution on a company exit event.

Share options

The Company may adopt a formal incentive plan under which it contemplates awarding Share Options to Directors, employees and consultants pursuant to share option and incentive schemes approved by the Board. It is intended that any individual awards under any such scheme will be subject to vesting and/or performance conditions. The proportion of Ordinary Shares which will be made the subject of Share Options will not exceed 20 per cent. of the Company's issued Ordinary Share capital from time to time without the prior approval of the Shareholders and no Share Options are intended to be granted to David Horner.

Founder Warrants

Unconditional Founder Warrants have been issued to subscribe for 6,000,000 Ordinary Shares exercisable at £0.25 per share and which the Founder Warrant Holders have irrevocably undertaken to exercise in full within two years of admission.

Conditional Founder Warrants have been issued to subscribe for a further 5,000,000 Ordinary Shares, exercisable at the higher of £0.25 per share or the mid- market price of an Ordinary Share at the time of exercise, conditional on the exercise of Share Options and in numbers of up to a maximum of (but not exceeding) the numbers of Ordinary Shares issued following the exercise of such Share Options.

Macauley Capital Plc
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2023

16 Capital commitments

At 31 December 2023 and 2022 there were no capital commitments outstanding and no contingent liabilities.

17 Directors' interests and related party transactions (Group and Company)

The Company has taken advantage of the exemption in section 33 of FRS 102 from the requirement to disclose transactions with its wholly owned subsidiary on the grounds that consolidated financial statements are prepared by the Parent Company.

The Directors are considered to be the key management of the business. Their remuneration for the year is disclosed in note 6 of these financial statements.

The Directors and connected persons held the following interests in the voting shares of the Company at 31 December 2023.

| | Number of shares | % of total voting rights |
|--------------|-------------------------|---------------------------------|
| David Horner | 250,000 | 2.5% |
| Mary Horner | 50,000 | 0.5% |
| Lindsay Mair | 125,000 | 1.25% |

For the purposes of the AQSE Growth Market Access Rulebook the parties referred to below are related parties of the Company for the reasons set out in those paragraphs.

David Horner is a related party of the Company because he is a Director of the Company; and Mary Horner, who is David Horner's wife, is for that reason an associate of David Horner and thereby a related party to the Company.

CAM, a company of which David Horner is a director and significant shareholder, is a related party of the Company because CAM is an associate of David Horner.

Each of Harry and Tom Horner is a related party of the Company for the following two reasons: each of them will be entitled to exercise, or to control the exercise of, 10 per cent or more of the votes able to be cast on all or substantially all matters at general meetings of the Company; and each of them is a son of David Horner and, as a result, an associate of his and therefore is a related party.

Others

MML has taken over the investment management of the unquoted investment portfolio of CAM, which David Horner, a director of the Company, founded and of which he is managing director. In line with its strategy, CAM's current and future focus is on quoted companies, rather than unquoted businesses, and therefore the unquoted portfolio is now insignificant, relative to CAM's quoted company portfolio.

In the year the Company's operations manager has spent a proportion of his time working with a private business owned by David Horner and his wife. Under this agreement, the private business paid the Group £34,500 (2022: £7,500), equivalent to the pro-rata cost of the operations manager's employment to the Group.

Macaulay Capital Plc
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2023

18 Financial instruments

The Group's financial instruments comprise securities and other investments, cash balances and debtors and creditors that arise from its operations, for example, in respect of sales and purchases awaiting settlement and debtors for accrued income.

The financial instruments of the Group fall into the following categories:

| Group | At amortised cost | Assets at fair value through profit or loss | Total |
|---|--------------------------|--|------------------|
| 31 December 2023 | £ | £ | £ |
| Assets as per the Balance Sheet | | | |
| Investments | - | 900,000 | 900,000 |
| Debtors | 152,600 | - | 152,600 |
| Cash and cash equivalents | 338,484 | - | 338,484 |
| Total | 491,084 | 900,000 | 1,391,084 |
| Liabilities as per the Balance Sheet | | | |
| Creditors | 43,600 | - | 43,600 |
| Total | 43,600 | - | 43,600 |

| Group | At amortised cost | Assets at fair value through profit or loss | Total |
|---|--------------------------|--|------------------|
| 31 December 2022 | £ | £ | £ |
| Assets as per the Balance Sheet | | | |
| Investments | - | 200,000 | 200,000 |
| Debtors | 90,701 | - | 90,701 |
| Cash and cash equivalents | 1,189,219 | - | 1,189,219 |
| Total | 1,279,920 | 200,000 | 1,479,920 |
| Liabilities as per the Balance Sheet | | | |
| Creditors | 48,239 | - | 48,239 |
| Total | 48,239 | - | 48,239 |

Macaulay Capital Plc
Notes to the Financial Statements (continued)
for the Year Ended 31 December 2023

18 Financial instruments (continued)

| Company | At amortised cost | Assets at fair value through profit or loss | Total |
|--|--------------------------|--|----------------|
| 31 December 2023 | £ | £ | £ |
| Assets as per the balance sheet | | | |
| Amounts due from subsidiary | 314,316 | - | 314,316 |
| Cash and cash equivalents | 259,873 | - | 259,873 |
| Total | 574,189 | - | 574,189 |

Liabilities as per the balance sheet

| | | | |
|--------------|---------------|----------|---------------|
| Creditors | 28,320 | - | 28,320 |
| Total | 28,320 | - | 28,320 |

| Company | At amortised cost | Assets at fair value through profit or loss | Total |
|--|--------------------------|--|------------------|
| 31 December 2022 | £ | £ | £ |
| Assets as per the balance sheet | | | |
| Other debtors | 23,949 | - | 23,949 |
| Cash and cash equivalents | 1,082,652 | - | 1,082,652 |
| Total | 1,106,601 | - | 1,106,601 |

Liabilities as per the balance sheet

| | | | |
|--------------|----------------|----------|----------------|
| Creditors | 383,423 | - | 383,423 |
| Total | 383,423 | - | 383,423 |

Macaulay Capital Plc (“The Company”)
Notice of Annual General Meeting
Registered in England and Wales No. 14105915

Notice is hereby given that the second Annual General Meeting (the “AGM”) of the Company will be held at the offices of Chelverton Asset Management Limited, 11 Laura Place, Bath, BA2 4BL on Friday 26 April 2024 at 12.00 noon for the purposes of considering the following resolutions all will be proposed as ordinary resolutions.

- | | |
|--------------|--|
| Resolution 1 | To receive and adopt the audited Annual Report and Accounts for the year ended 31 December 2023 together with the Directors’ Report and Auditor’s Report thereon. |
| Resolution 2 | To re-elect Lindsay Mair as a Director of the Company. |
| Resolution 3 | To re-elect Richard Bucknell as a Director of the Company |
| Resolution 4 | To re-elect David Horner as a Director of the Company. |
| Resolution 5 | To re-appoint Hazlewoods LLP as Auditors to the Company to hold office from the conclusion of this meeting until the next AGM, and to authorise the Directors to determine their remuneration. |

Registered Office
The Office Suite
Den House
Den Promenade
Teignmouth
TQ14 8SY

By order of the Board
ISCA Administration
Services Limited
Secretary
21 March 2024

Macaulay Capital Plc ("The Company")
Notice of Annual General Meeting
Registered in England and Wales No. 14105915

NOTES:

Entitlement to attend and vote

1. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001 and paragraph 18(c) of The Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, the Company specifies that only those members registered on the Company's register of members 48 hours before the time of the Meeting shall be entitled to attend and vote at the Meeting. In calculating the period of 48 hours mentioned above no account shall be taken of any part of a day that is not a working day. All voting will be undertaken on a poll using the proxy votes submitted.

Appointment of proxies

2. *If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.*

3. *It is recommended that you appoint the Chairman of the Meeting as your proxy. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.*

4. *You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.*

5. *A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.*

Appointment of proxy online

6. *By visiting www.shareregistrars.uk.com clicking on the "Proxy Vote" button and then following the on-screen instructions using your User name and Access Code provided.*

Appointment of proxy using hard copy proxy form

7. *The notes to the proxy form explain how to direct your proxy on how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:*

- *completed and signed;*
- *sent or delivered to Share Registrars Limited at 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX;*
- *and received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.*

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy using CREST

8. *CREST members who wish to appoint a proxy or proxies for the AGM (or any adjournment of it) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.*

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Share Registrars Limited (ID 7RA36) no later than 12.00 noon on Wednesday 24 April 2024 (or, if the Meeting is adjourned, no later than 48 hours (excluding any part of a day that is not a working day) before the time of any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Share Registrars Limited is able to retrieve

**Macaulay Capital Plc (“The Company”)
Notice of Annual General Meeting
Registered in England and Wales No. 14105915**

the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

9. *In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).*

Changing proxy instructions

10. *To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.*

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821 390.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

11. *In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:*

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

12. *As at 20 March 2024, the Company's issued share capital comprised 10,000,000 ordinary shares of 10p each. No ordinary shares are held in treasury. Each ordinary share carries the right to one vote at an Annual General Meeting of the Company and, therefore, the total number of voting rights in the Company as at 20 March 2024 is 10,000,000.*

Communications with the Company

13. *Except as provided above, members who have general queries about the Meeting should telephone the Company Secretary on 01392 487 056 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.*

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Notice of Annual General Meeting
Registered in England and Wales No. 14105915**

Website

14. This notice, together with information about the total number of shares in the Company in respect of which members are entitled to exercise voting rights at the meeting at 20 March 2024 (the business day prior to the approval of this Notice) and, if applicable, any members’ statements, members’ resolutions or members’ matter of business received by the Company after the date of this Notice, will be available on the Company’s website: <https://www.macaulaycapital.com/>