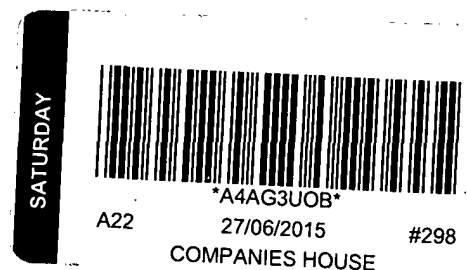


investing in growth for the **future**



Energiser Investments plc

Annual Report and Accounts
for the year ended 31 December 2014

Welcome to **Energiser Investments plc**

Front cover:

An artists impression of the Surrey development that is being partially funded by Energiser.

Inside front cover:

Photos of the show home.

Chairman's statement

Introduction

I am pleased to report on the Group's trading for the year ended 31 December 2014 in my first statement to Shareholders since my appointment on 26 February 2015.

As mentioned in the last annual report, the Board has taken the decision to focus on the property sector and is continuing with its two major projects in that area: a rental portfolio in Wellingborough and mezzanine funding to a housebuilder for a development in Surrey. The property market in the United Kingdom has continued to recover over the past year. This recovery has contributed to the increase in the value of the Wellingborough property portfolio by £76,000 and had a similar positive impact on the development in Surrey.

Results

The 20 houses in Wellingborough generated gross rental income of £148,000 (2013: £147,000) and, after associated operating costs, resulted in net rental income of £112,000 (2013: £113,000). A cost accrual of £28,000 made in a prior year has been reversed as it is no longer required and there has been a fair value adjustment of £76,000 due to the market value of the properties increasing. Administrative expenses have decreased to £50,000 (2013: £73,000) and finance costs have risen to £322,000 (2013: £102,000) due to the interest accrued on the funding from investors referred to below. The loss before and after taxation was £147,000 (2013: profit of £36,000) with a loss per share of 0.34p (2013: earnings per share of 0.08p).

Despite the loss generated during the year, net assets have increased to £598,000 (2013: £205,000) due to the recognition of the fair value of the profit share anticipated on the mezzanine funding provided to the housebuilder. This results in a net asset value per share of 1.69p (2013: 0.47p). Net asset value per share is calculated by dividing the net assets of the Group by the number of ordinary shares in existence at the balance sheet date.

The Directors do not recommend the payment of a dividend.

Operations

The Group's investment portfolio in Wellingborough, Northamptonshire is currently fully tenanted and the properties will continue to be let on short term tenancies.

The Group has invested its commitment of £2.7m of mezzanine funding for a 12 unit development in Kingswood, Surrey by a housebuilder. Construction will be completed in the summer and sales will commence shortly. Gross development value has increased to £8.9m since last reported. Energiser procured the funds from investors who will receive a coupon of 10% per annum. The Group is entitled to 50% of the net profit generated by the development and will receive a priority return of £785,000, as long as the development makes sufficient profit.

The Group has an investment in EiRx Therapeutics plc, which has been fully provided against in previous years. The company has now been placed in creditors' voluntary liquidation and the Report to Creditors and Members has been circulated by the liquidator. In view of the report, the Board is of the opinion that the investment should continue to be fully provided against.

Outlook

The Group is now re-building shareholders' funds by way of its current activities and it is expected that this will continue for the foreseeable future.

Stephen Wicks
26 May 2015



Directors

Stephen Wicks

Non-executive Chairman

has worked in the construction and housebuilding sector all of his working life and has extensive knowledge of local and national planning policies on both greenfield and brownfield sites. He is currently the CEO of Inland Homes plc, having founded the company in June 2005. Prior to this, Mr Wicks was the founding shareholder and chief executive of Country & Metropolitan plc, which floated on the main market of the London Stock Exchange in December 1999 with a market capitalisation of £6.9m. He directed the growth of Country & Metropolitan plc until its disposal in April 2005 to Gladedale Holdings plc for approximately £72m.

Nishith Malde

Director

qualified as a Chartered Accountant in 1985 with KPMG and specialised in advising owner managed businesses. He left KPMG in 1989 to set up a consultancy firm which later merged with an audit practice where he was the partner responsible for the affairs of Country & Metropolitan plc. Mr Malde joined Country & Metropolitan plc as finance director and company secretary in November 1998. He was actively involved in the preparation for the flotation of Country & Metropolitan plc in December 1999 and its further development (which included acquisitions and disposals) until it was acquired by Gladedale Holdings plc in April 2005. He is also a founding shareholder and finance director of Inland Homes plc which floated onto AIM in April 2007.

Group strategic report

for the year ended 31 December 2014

The Directors present their strategic report on the Group for the year ended 31 December 2014.

Review of the business

The Company is registered as a Public Limited Company (plc). The Company's shares of 0.1p each are listed on AIM, part of the London Stock Exchange.

The Group is an investment company investing in quoted and unquoted companies to achieve capital growth. The Group also holds investment properties whereby the properties are held with rental income arising from short-term lets. It also provides mezzanine finance to housebuilders.

Results and performance

The results of the group for the year, as set out on pages 8 to 11, show a loss on ordinary activities before and after taxation of £147,000 (2013: profit of £36,000). The shareholders' funds for the Group total £598,000 (2013: £205,000). The Directors do not recommend the payment of a dividend for the year ended 31 December 2014.

The performance of the rental investment during 2014 was similar to that of 2013, with almost 100% occupancy on the rental properties. During the year the Group advanced a further £1.3m to a housebuilder under a mezzanine finance agreement. The Group has provided £2.7m (2013: £1.4m) towards the development of 12 units in Surrey and it is entitled to receive 50% of the net profit of the development including a priority return of £785,000, subject to the development making sufficient profit. The majority of the funding has been procured from investors at a cost of 10% per annum.

Business environment

The property market in the United Kingdom has continued to recover over the past year, with the on-going positive impact of the Government's 'Help to Buy' scheme which enables prospective home owners to purchase a property with as little as 5% deposit. This recovery has contributed to the increase in the value of the Wellingborough property portfolio.

Strategy

Due to the continued recovery of the housing market and the anticipated success of the 12 unit development in Surrey the Group will continue to seek out similar opportunities on projects where healthy returns can be generated for shareholders.

The Group continues to let the Wellingborough properties on short term tenancies.

Key performance indicators ('KPIs')

The Group's KPIs are the return on project investment and the net assets position of the Group including net assets per share. These indicators are monitored by the Board and the details of performance against these are given below.

	2014	2013
Return on project investment	£112,000	£113,000
Net assets	£598,000	£205,000
Net assets per ordinary share	1.37p	0.47p

Principal risks and uncertainties

The management of the business and the nature of the Group's strategy are subject to a number of risks. The Directors have set out below the principal risks facing the business. Where possible, processes are in place to monitor and mitigate such risks. The Group operates a system of internal control and risk management in order to provide assurance that the Board is managing risk whilst achieving its business objectives. No system can fully eliminate risk and, therefore, the understanding of operational risk is central to the management process.

To enable shareholders to appreciate what the business considers are the main operational risks, they are briefly outlined below:

	Risk	Potential impact	Strategy
Housing market	A fall in the housing market in the regions in which the Group operates	- Inability to realise maximum value in a timely fashion - Adverse effect on the timing of sales	The Group ensures that funding provided to housebuilders is for developments in areas that are likely to be least affected by a decline in the housing market
Rental market	A decrease in demand for rental properties	Detrimental effect on the Group's ability to cover administration and debt servicing costs	The Group ensures that tenants are satisfied with their property to encourage tenancy renewals and employs a reputable manager to deal with any issues and to let the properties
Interest rates	Significant upward changes in interest rates	Increased borrowing costs and a detrimental effect on profit	The Group mitigates any adverse exposure to interest rate changes by controlling its gearing and by using hedging instruments

Financial risk management objectives and policies

The Company's policy in respect of financial instruments and risk profile is set out on page 5 of the Directors' Report and in Note 18 of the accounts.

Future developments

In the coming year we expect to realise the profit share related to the mezzanine funding provided to a housebuilder for the 12 unit development in Surrey. The Group also intends to enter into other similar agreements and is actively looking for opportunities.

The Group will continue to rent out the Wellingborough properties on short term tenancies.

By order of the Board

Nishith Malde
Company Secretary
26 May 2015



Directors' report

for the year ended 31 December 2014

The Directors have pleasure in submitting their report, together with the financial statements of the Group and Company, for the year ended 31 December 2014.

Principal activity

The principal activity of the Group is as an investment company investing in quoted and unquoted companies to achieve capital growth. The Group also holds a property development, acquired by way of its principal activity and is investing in residential property development projects.

Future developments

The intended activity of the Group is disclosed in the Strategic Report.

Corporate governance and compliance

The Company is listed on AIM and, accordingly, compliance with the revised UK Corporate Governance Code is not mandatory. However, the Company is committed to applying the principles of corporate governance as applicable to a company of this size and nature. The Board is accountable to the Company's shareholders for good corporate governance. This report and the Remuneration Report describe how the Company applies the provisions of good corporate governance.

Directors

The Company supports the concept of effective Board leadership and control of the Company. The Board is responsible for approving Company policy and strategy. All Directors have access to advice from the Company Secretary and independent professionals at the Company's expense. All Directors are subject to re-election every three years and at the first Annual General Meeting (AGM) after appointment.

The Board members are listed on page 2.

Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance, Board membership and quality of management. It therefore encourages shareholders to offer their views.

The AGM provides an opportunity for shareholders, particularly private investors, to question the Board on issues arising.

The notice convening the AGM is the notice of the meeting sent to shareholders with this report. A separate motion will be put to the meeting on each substantial issue.

Accountability and audit

The Board endeavours to present a balanced and understandable assessment of the Group's position and prospects in all reports as well as in the information required to be presented by statutory requirements.

Going concern

The financial statements have been prepared on the going concern basis, the Directors having considered the cash forecasts for the next twelve months from the date of the approval of these financial statements. In doing so they have given due regard to the risks and uncertainties affecting the business as set out in the Directors' Report, the liquidity risk disclosed in Note 18, financial support provided by Mr S D Wicks, who has undertaken to meet the cash needs of the Group if required, and the repayment of other loans as referred to in Note 12. On this basis the Directors have a reasonable expectation that the funds available to the Group are sufficient to meet the requirements indicated by those forecasts.

Internal control

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets and for reviewing its effectiveness. Such a system is designed to manage, but not eliminate, the risk of failure to achieve business objectives. There are inherent limitations in any control system and accordingly even the most effective systems can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Assessment of business risk

The Board regularly reviews operating and strategic risks.

The Group's operating procedures include a system for reporting financial and non-financial information to the Board including:

- reports from management with a review of the business at each Board meeting, focusing on any new decisions/risks arising;
- reports on the performance of investments;
- reports on selection criteria of new investments; and
- consideration of reports prepared by third parties.

Control procedures

Operational procedures have been developed for each of the Group's operating businesses that embody key controls over relevant areas. The implications of changes in law and regulations are taken into account by the Group.

The Board has considered the need for an internal audit function but has decided that this is not justified at present given the size of the Group. However, it will keep the decision under review on an annual basis at least.

Appointment of Directors

The Board deals with all matters relating to the appointment of Directors including determining the specification, identifying suitable candidates and selection of the appointee. No separate Nominations Committee has been formed.

Throughout the year the Articles of Association have required each Director to seek re-election after no more than three years in office. Therefore the Board considers it inappropriate that Non-executive Directors be appointed for a fixed term as recommended by the Code.

Policy for paying creditors

The Company's policy is to pay creditors in accordance with agreement reached with creditors. Trade creditors at the year end amount to 83 days (2013: 104 days) of average supplies.

Significant shareholdings

According to the Company's register of substantial shareholdings at 22 May 2015 the following had notified the Company of their interest in 3% or more of the Company's issued ordinary share capital, other than the Directors discussed below:

	Number of shares	%
M Wheeler	3,581,755	8.2
H Cramer	3,419,488	7.8
Estate of W Weston (deceased)	3,175,000	7.3

Directors and secretary

Stephen Wicks, who was appointed since the last AGM, retires in accordance with the Articles of Association and, being eligible, offers himself for reappointment. Mr Wicks has replaced William Weston who, to the deep regret of the Board, passed away in August 2014.

Those Directors who held office during the year and their interests in shares of the Company which include beneficial and family interests are shown below:

	As at 31 December 2014 ordinary shares of 0.1p	As at 31 December 2013 ordinary shares of 0.1p
S Wicks (appointed 26 February 2015)	23,558,855	23,558,855
N Malde	5,935,646	5,935,646

The Directors had no other interests in the shares of the Company.

Nishith Malde has a notice period of six months. Details of Directors' remuneration are shown in the Remuneration Report on page 33.

Taxation status

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company.

Principal financial risks and uncertainties

The Group's financial instruments comprise its investment portfolio, cash balances, debtors and creditors that arise directly from its operations and derivative instruments. The Group is exposed to market risk through the use of financial instruments and specifically to liquidity risk, market price risk and credit risk, which result from the Group's operating activities.

The Board's policy for managing these risks is summarised below.

Liquidity risk

The Group makes investments for the long term. Accordingly the Group rarely trades investments in the short term. Whilst the Group has no listed investments at present, historically these have been sold to meet the Group's funding requirements. However, the market in small capitalised companies can be illiquid. The Group also has a number of residential properties which can be sold. Accordingly the Directors monitor the market and make disposals as appropriate. Any unlisted investments in the portfolio are normally subject to greater liquidity risk. This risk is taken into account by the Directors when arriving at the valuation of these assets.

Credit risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of carrying amount of equity, less cash and cash equivalents as presented on the face of the Statement of Financial Position. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Directors' report

for the year ended 31 December 2014

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and have elected to prepare Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable Laws). 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 and profit or loss of the Parent Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS or 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 Company and Group will continue in business.

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

The Directors confirm that:

- so far as each Director is aware there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

UHY Hacker Young have been appointed as auditor for the ensuing year in accordance with section 487 of the Companies Act 2006.

ON BEHALF OF THE BOARD

Nishith Malde
Company Secretary
26 May 2015



Independent auditor's report

to the members of Energiser Investments plc on the
Group financial statements

We have audited the Group financial statements of Energiser Investments plc for the year ended 31 December 2014 which comprise the Group Statements of Comprehensive Income, the Group Statement of Financial Position, the Group Statement of Changes in Equity, the Group Statement of Cash Flows, the principal accounting policies and the related Notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

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.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the Group financial statements

- give a true and fair view of the state of the Group's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Group Strategic Report and in the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Parent Company financial statements of Energiser Investments plc for the year ended 31 December 2014.

Andrew Hulse
Senior Statutory Auditor
UHY Hacker Young
Statutory Auditor, Chartered Accountants
Sheffield
26 May 2015

Group statement of comprehensive income

for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Continuing operations			
Revenue arising in the course of ordinary activities		148	147
Development costs		—	(17)
Cost of sales		68	66
Gross profit		216	196
Administrative expenses		(50)	(73)
Operating profit	2	166	123
Finance costs	3	(322)	(102)
Finance income	3	9	15
(Loss)/profit before taxation		(147)	36
Taxation	5	—	—
(Loss)/profit for the year attributable to shareholders of the Company		(147)	36
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Change in value of available-for-sale financial assets	10	684	—
Related deferred taxation	13	(144)	—
Other comprehensive income for the year, net of tax		540	—
Total comprehensive income for the year attributable to shareholders of the Company		393	36
(Loss)/earnings per share			
Basic and diluted (loss)/earnings per share from total and continuing operations	6	(0.34)p	0.08p

Diluted (loss)/earnings per share is taken as equal to basic (loss)/earnings per share as the Group's average share price during the period is lower than the exercise price of the share options and therefore the effect of including share options is anti-dilutive.

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Group statement of financial position

as at 31 December 2014

	Notes	2014 £'000	2013 £'000
ASSETS			
Non-current assets			
Investment property	8	2,742	2,666
Financial assets held at fair value through profit or loss	7	1	1
		2,743	2,667
Current assets			
Trade and other receivables	9	9	15
Available-for-sale financial assets	10	3,343	1,400
Cash and cash equivalents		13	10
		3,365	1,425
Total assets		6,108	4,092
LIABILITIES			
Current liabilities			
Trade and other payables	11	564	359
Short-term borrowings	12	4,794	2,311
Deferred tax	13	144	—
		5,502	2,670
Non-current liabilities			
Long-term borrowings	12	—	1,200
Financial liabilities held at fair value through profit or loss	11	8	17
		8	1,217
Total liabilities		5,510	3,887
Net assets		598	205
EQUITY			
Share capital	14	2,312	2,312
Share premium account		5,747	5,747
Convertible loan		88	88
Merger reserve		1,012	1,012
Revaluation reserve		540	—
Retained earnings		(9,101)	(8,954)
Total equity		598	205

The financial statements were approved by the Board of Directors and authorised for issue on 26 May 2015.

Stephen Wicks
Chairman

Nishith Malde
Director

Company Number
00298654

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Group statement of changes in equity

for the year ended 31 December 2014

	Share capital £'000	Share premium account £'000	Convertible loan £'000	Merger reserve £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2013	2,312	5,747	88	1,012	—	(8,990)	169
Total comprehensive loss	—	—	—	—	—	36	36
Balance at 31 December 2013	2,312	5,747	88	1,012	—	(8,954)	205
Total comprehensive income	—	—	—	—	540	(147)	393
Balance at 31 December 2014	2,312	5,747	88	1,012	540	(9,101)	598

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Group statement of cash flows

for the year ended 31 December 2014

	2014 £'000	2013 £'000
Cash flows from operating activities		
(Loss)/profit before and after taxation	(147)	36
Adjustments for:		
Fair value adjustment on financial liabilities recognised in profit or loss	(9)	(15)
Fair value adjustment on investment property	(76)	—
Interest expense	322	102
Decrease/(increase) in trade and other receivables	6	(1)
Decrease in trade payables	(60)	(23)
Reversal of impairment of inventories	—	(100)
Net cash generated by/(used in) operating activities	36	(1)
Cash flows from investing activities		
Mezzanine finance facility issued	(1,259)	(1,400)
Net cash used in investing activities	(1,259)	(1,400)
Cash flows from financing activities		
Proceeds from borrowings	1,323	1,496
Re-payment of borrowings	(40)	(39)
Interest paid	(57)	(53)
Net cash generated by financing activities	1,226	1,404
Net increase in cash and cash equivalents	3	3
Cash and cash equivalents at beginning of period	10	7
Cash and cash equivalents at end of period	13	10

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Principal accounting policies

for the year ended 31 December 2014

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below.

Basis of accounting

Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except as modified by the investment property and financial assets and liabilities (including derivatives) fair value. They have also been prepared in accordance with the Companies Act 2006 applicable to companies reporting under IFRS.

The consolidated financial statements have been prepared in accordance with the accounting policies set out below and International Financial Reporting Standards (IFRS) as adopted by the European Union and that are effective at 31 December 2014.

The accounting policies have been applied consistently throughout the Group for the purposes of the preparation of these consolidated financial statements and the same accounting policies, presentations and methods of computation are followed in this set of financial statements as were applied in the previous set of audited financial statements.

The financial statements have been prepared on the going concern basis, the Directors having considered the cash forecasts for the next twelve months from the date of the approval of these financial statements. In doing so they have given due regard to the risks and uncertainties affecting the business as set out in the Directors' Report, the liquidity of investments and the liquidity risk disclosed in Note 18, financial support provided by Mr S D Wicks, who has undertaken to meet the cash needs of the Group if required, and the repayment of other loans as referred to in Note 12. On this basis the Directors have a reasonable expectation that the funds available to the Group are sufficient to meet the requirements indicated by those forecasts.

Summary of significant accounting policies

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 December 2014. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Intercompany transactions, balances and unrealised gains on transactions between the Parent Company and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the Group Statement of Financial Position at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of fair value of consideration transferred over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Other income

Other income is measured by reference to the fair value of consideration received or receivable by the Group for the sale of properties, excluding VAT and discounts, and dividend income from investments. Income from the sale of properties is recognised when the title passes. Dividends are recognised on receipt.

Other income – operating leases

Properties are leased out on operating leases. Rental income is recognised within revenue (excluding VAT) on a straight line basis over the lease and direct operating expenses were reported within cost of sales.

Interest

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends

Dividends are recognised when the shareholders' right to receive payment is established.

Taxation

Current tax is the tax currently payable based on taxable profit/(loss) for the period.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Statement of Comprehensive Income, except where they relate to items that are charged or credited directly to other comprehensive income or equity in which case the related deferred tax is also charged or credited directly to other comprehensive income or equity.

Investment property

Investment properties are valued using the fair value model whereby the properties remeasured at fair value, which is the amount for which the property could be transferred between knowledgeable, willing parties in an arm's length transaction. Any gain or loss resulting from the sale or change in fair value of an investment property is immediately recognised in profit or loss. An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Financial assets

Financial assets are divided into the following categories: loans and receivables (including trade and other receivables) and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which point a choice of classification or accounting treatment is available.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets other than those categorised as at fair value through profit or loss are recognised at fair value plus transaction costs.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the revaluation reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise a mezzanine funding debtor.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and certain other current assets are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

Principal accounting policies

for the year ended 31 December 2014

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows. An assessment for impairment is undertaken at least at each balance sheet date.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are recorded initially at fair value, net of direct issue costs.

They are subsequently measured at amortised cost using the effective interest method, with interest related charges recognised as an expense in finance cost in the Statement of Comprehensive Income. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the Statement of Comprehensive Income on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires. When the obligation is extinguished by conversion to equity, a gain or loss is recognised in respect of the difference between the carrying value of the debt compared to the fair value of the shares issued.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value in the Statement of Financial Position. Fair values are obtained from observable market prices or valuation techniques such as discounted cash flow models. Generally the best evidence of the fair value of a derivative at initial recognition is the transaction price (ie the fair value of the consideration given or received). All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivatives are used for matching exposures on assets and liabilities. Where separate derivative instruments exist these are measured at fair value through profit or loss under IAS 39. The fair value liability is recognised in the Statement of Financial Position, with the associated expense recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity

Equity comprises the following:

- **Share capital** represents the nominal value of equity shares;
- **Share premium** represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue;
- **Convertible loan** represents the equity element of a convertible loan which has now been settled;
- **Retained earnings** represents retained profits/(losses);
- **Merger reserve** represents the excess of the nominal value of shares issued in the acquisition of a subsidiary undertaking and the nominal value of the subsidiary undertaking's shares; and
- **Revaluation reserve** represents the excess of the current and probable future value of an asset over the recorded historic cost of that asset.

Leased assets

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The Group holds no such assets. All other leases are regarded as operating leases and the payments made under them are charged to profit or loss on a straight line basis over the lease term. Lease incentives are spread over the term of the lease.

Segment reporting

In accordance with IFRS 8, information is disclosed to enable users of financial statements to evaluate the nature and financial effects of the business activities in which the Group engages. In identifying its operating segments, management differentiates between investment activities and rental of its freehold and leasehold properties. These segments are based on the information reported to the chief operating decision maker. The rental segment utilises its freehold properties within investment property. The Group's result to date is substantially derived from investment activities.

Share-based employee remuneration

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

Standards and interpretations in issue but not yet effective

There were no IFRS standards or IFRIC interpretations adopted for the first time in these financial statements that had a material impact on the Group's financial statements.

A number of new standards, amendments to standards and interpretations have been issued and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early as they are not expected to have any significant impact on the Group financial statements.

- IFRS 9 'Financial Instruments'
- IFRS 10 'Consolidated Financial Statements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- Amendments to IAS 32 'Offsetting Financial Assets and Liabilities'
- Amendments to IAS 12 'Deferred Tax: Recovery of Underlying Assets'
- Amendments to IFRS 10, IFRS 12 and IAS 27 'Investment Entities'
- Amendments to IAS 36 'Recoverable Amount Disclosures for Non-financial Assets'
- IFRS 9 'Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)'

Other standards and interpretations in issue but not yet effective are not considered to have any relevance to the Group.

Critical judgements in applying the accounting policies

In the process of preparing the accounting policies, the Directors have applied critical judgements in adopting the going concern basis to the financial statements as more fully set out in the basis of preparation paragraph of these accounting policies.

The property development at Wellingborough was classified as inventory until 2013. This was considered appropriate as these properties were intended for sale in the ordinary course of business, in the near future and the Company was actively marketing these for sale. During 2013 the Directors revised this judgement and the decision was taken to reclassify them as investment property within non-current assets. The same judgement has been applied in the 2014 accounts.

Key sources of estimation uncertainty

Fair value of loans

The fair value of other loans at initial recognition has been calculated in the absence of information for directly comparable instruments as no active market exists for such items. Accordingly, the inputs to the valuation techniques and specifically the market related rate of interest rely on other sources of data including the Directors' knowledge of similar loans. The carrying value of other loans included in borrowings was £3.59m (2013: £2.41m). The subsequent measurement of loans is at amortised cost (note 18).

Fair value of profit on mezzanine funding arrangement

The fair value of the mezzanine funding arrangement includes estimates as to the timing and value of future cash flows and the underlying profitability of the development. The estimates are formed based on information provided by the developer. The directors' knowledge and experience in the sector means they are well placed to critically assess this information and to make conclusions as appropriate.

Notes to the Group financial statements

for the year ended
31 December 2014

1. Income and segmental analysis

The Group generates income by way of profits or losses on investments. It also generates rental and other related income from letting properties and has provided a loan to a housebuilder under a mezzanine funding arrangement. These operating segments are monitored by the Executive Director and strategic decisions are made on the basis of segment operating results. The segmental analysis of operations is as follows:

Segmental analysis by activity

	2014 £'000	2013 £'000
Segment result		
Investment activities:		
Development costs	—	(17)
Administrative expenses	(47)	(71)
	(47)	(88)
Rental activities:		
Net rental income	112	113
Administrative expenses	(3)	(2)
Release of cost accrual	28	—
Fair value adjustment on investment property	76	—
	213	111
Other:		
Reversal of impairment of inventories	—	100
	—	100
Operating profit	166	123
Finance costs	(322)	(102)
Fair value adjustment on interest rate swap	9	15
(Loss)/profit before tax	(147)	36
	2014 £'000	2013 £'000
Segment assets		
Investment activities:		
Non-current assets	1	1
Current assets	1	8
	2	9
Rental activities:		
Current assets – other	21	17
Non-current assets – investment property	2,742	2,666
	2,763	2,683
Mezzanine funding arrangement:		
Current assets	3,343	1,400
	3,343	1,400
Total assets	6,108	4,092

1. Income and segmental analysis *continued*

	2014 £'000	2013 £'000
Segment liabilities		
Investment activities:		
Current liabilities	979	905
	979	905
Rental activities:		
Current liabilities	1,553	365
Non-current liabilities	8	1,217
	1,561	1,582
Mezzanine funding arrangement:		
Current liabilities – other loan and accrued interest	2,826	1,400
Current liabilities – deferred tax on fair value adjustment	144	—
	2,970	1,400
Total liabilities	5,510	3,887
Total assets less total liabilities	598	205

The activity of investments, rentals and mezzanine funding arose wholly in the United Kingdom.

No single customer accounts for more than 10% of revenue.

2. Operating profit

Operating profit is stated after charging:

	2014 £'000	2013 £'000
Auditor's remuneration for:		
Audit services		
– audit of the Group's annual accounts	7	7
– audit of subsidiaries pursuant to legislation	4	4
Other services		
– taxation services	2	2

3. Finance costs and finance income

	2014 £'000	2013 £'000
Finance costs		
Short-term loans	322	50
Long-term loans	—	52
	322	102
Finance income		
Fair value adjustment on interest rate swap derivative held at fair value through profit and loss	9	15
	9	15

Notes to the Group financial statements

for the year ended
31 December 2014

4. Directors and employees

Staff costs during the year were as follows:

	2014 £'000	2013 £'000
Wages and salaries	2	10

The Directors and employees of the Group have waived £463,000 of remuneration as at 31 December 2014 (2013: £425,000), which includes £38,000 in respect of the current year. See Remuneration Report on page 33.

The average number of employees (including Directors) of the Group was:

	2014 Number	2013 Number
Management of investments and properties	3	3

Further details of individual Directors' remuneration, pension fund and interests in the Company are shown in the table on page 33.

5. Income tax expense

There is no tax charge for either the current or prior years due to brought forward tax losses. The current tax assessed for the year is lower than the standard rate of corporation tax in the UK of 21.5%. The differences are explained as follows:

	2014 £'000	2013 £'000
(Loss)/profit on ordinary activities before taxation	(147)	36
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	(32)	8
Effect of:		
Disallowable items	(18)	1
Addition/(utilisation) of tax losses arising	50	(9)
Total tax charge	—	—

The Group has unrecognised deferred tax assets of £887,000 (2013: £838,000) as a result of losses carried forward of £4,222,000 (2013: £3,989,000).

6. (Loss)/earnings per ordinary share

The (loss)/earnings per ordinary share is based on the weighted average number of ordinary shares in issue during the year of 43,787,956 ordinary shares of 0.1p (2013: 43,787,956 ordinary shares of 0.1p) and the following figures:

	2014 £'000	2013 £'000
(Loss)/profit attributable to equity shareholders	(147)	36
Earnings per ordinary share	(0.34)p	0.08p

Diluted earnings per share is taken as equal to basic earnings per share as the Group's average share price during the period is lower than the exercise price of the share options and therefore the effect of including share options is anti-dilutive.

7. Investments

	2014 £'000	2013 £'000
Investments listed on a recognised stock exchange	1	1
	1	1

In accordance with IFRS 7, financial instruments are measured by level of the following fair value measurement hierarchy:

- Level 1: quoted prices in an active market for identical assets or liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price on the last day of the financial year of the Group. These instruments are included in level 1 and comprise FTSE and AIM listed investments classified as held at fair value through profit or loss.
- Level 2: the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Group holds an interest rate swap which is classified as level 2. Further details can be found in note 18.
- Level 3: the fair value of financial instruments that are not traded in an active market (for example, investments in unquoted companies) is determined by using valuation techniques such as earnings multiples. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There have been no transfers between these classifications in the period (2013: none). The change in fair value for the current and previous years is recognised through profit or loss.

All assets held at fair value through profit or loss were designated as such upon initial recognition. Movements in investments held at fair value through profit or loss are summarised as follows:

	Level 1 Quoted equity investments £'000	Level 3 Financial Instruments £'000	Total investments £'000
Cost			
At 1 January 2013	(11)	4,907	4,896
At 31 December 2013	(11)	4,907	4,896
Fair value losses			
At 1 January 2013	12	(4,907)	(4,895)
At 31 December 2013	12	(4,907)	(4,895)
Fair value			
At 31 December 2013	1	—	1
At 31 December 2012	1	—	1
Cost			
At 1 January 2014	(11)	4,907	4,896
At 31 December 2014	(11)	4,907	4,896
Fair value losses			
At 1 January 2014	12	(4,907)	(4,895)
At 31 December 2014	12	(4,907)	(4,895)
Fair value			
At 31 December 2014	1	—	1
At 31 December 2013	1	—	1

At 31 December 2014, the Company held 12.5% (2013: 12.5%) of the issued ordinary share capital of EiRx Therapeutics plc. This investment is carried at fair value through profit or loss and is valued at £nil as the company has now appointed a liquidator and it is unlikely that there will be any assets remaining after payments have been made to creditors to distribute to shareholders.

Notes to the Group financial statements

for the year ended
31 December 2014

8. Investment property

	Investment property £'000
Cost	
At 1 January 2014 and 31 December 2014	2,666
Fair value movements	
At 1 January 2014	—
Fair value adjustment	76
At 31 December 2014	76
Fair value	
At 31 December 2014	2,742
At 31 December 2013	2,666

Investment property is held by the Group for long-term investment. The properties are recorded as investment properties and are valued by the Directors at a market value of £2,742,000, which is an increase of £76,000 above the fair value of the property at the start of the year. In arriving at fair value, the Directors have not obtained an external independent valuation. The investment properties are not depreciated, as they are reviewed annually for impairment. The Directors do not consider the current fair value to be significantly different to the carrying value.

The direct operating expenses for the period arising from the investment properties were £36,000 (2013: £34,000). The investment properties generated income of £148,000 (2013: £147,000) during the period. The investment properties have been provided as security for the bank loan (see note 12).

9. Trade and other receivables

	2014 £'000	2013 £'000
Other debtors	9	15

10. Available-for-sale financial assets

	Mezzanine funding debtor £'000
Cost	
At 1 January 2014	1,400
Additions	1,259
At 31 December 2014	2,659
Fair value movements	
At 1 January 2014	—
Fair value adjustment	684
At 31 December 2014	684
Fair value	
At 31 December 2014	3,343
At 31 December 2013	1,400

In the prior year the amount brought forward was presented within trade and other receivables.

Mezzanine funding debtor includes £2,659,000 (2013: £1,400,000) forwarded to a housebuilder under a mezzanine finance facility of up to £2,659,000. The Group is entitled to the greater of either a 50 per cent share of the net profit of the residential development being funded or a priority return of £785,000, subject to the development making sufficient profits. The loan is secured via a second charge over the development site. In the opinion of the Directors, fair value is equal to carrying value.

11. Trade and other payables

	2014 £'000	2013 £'000
Current		
Trade creditors	22	35
Other creditors and accruals	542	324
	564	359
Non-current		
Financial liabilities held at fair value	8	17
	8	17
Total trade and other payables	572	376

In the opinion of the Directors, fair value is equal to carrying value.

12. Borrowings

	2014 £'000	2013 £'000
Current		
Bank loan	1,200	40
Other loans	3,594	2,271
	4,794	2,311
Non-current		
Bank loan	—	1,200
	—	1,200
Total borrowings	4,794	3,511

On completion of the Wellingborough development, Cedar Green Homes Limited entered into a five year term loan from Barclays Bank of £1,360,000, secured on those properties, at an interest rate of base rate plus 2.75%. The terms of the loan required an interest rate swap of £900,000 to fix the base rate at 1.98% per annum. The loan is repayable in September 2015 and the Group is in negotiations to renew the loan with Barclays.

£2,600,000 included within other loans has been provided by investors in order to fund the Group's obligations under the mezzanine finance facility detailed in note 10. It attracts interest at 10% per annum. The balance of other loans is unsecured and attracts interest at 4% above base rate. In the opinion of the Directors, fair value is equal to carrying value.

13. Deferred tax

	2014 £'000
At 1 January 2014	—
Deferred tax charge on fair value adjustment to profit on mezzanine funding arrangement	144
At 31 December 2014	144

Notes to the Group financial statements

for the year ended
31 December 2014

14. Share capital

	2014 £'000	2013 £'000
Authorised		
46,000,000 (2013: 46,000,000) ordinary shares of 0.1p each	46	46
3,980,789,750 (2013: 3,980,789,750) deferred shares of 0.1p each	3,981	3,981
	4,027	4,027
Allotted, called up and fully paid		
43,787,956 (2013: 43,787,956) ordinary shares of 0.1p each	44	44
2,268,113,165 (2013: 2,268,113,165) deferred shares of 0.1p each	2,268	2,268
	2,312	2,312

Deferred shares

The deferred shares have:

- no right to any dividend;
- the right to receive notice of any general meeting and to attend such meeting but no right to vote there at; and
- the right on a winding up or other return of capital (after payment of the debts and liabilities of the Company and an amount equal to the amounts paid up, or credited as paid up, including any premium on the ordinary shares of the Company, together with any unpaid arrears of dividend declared on such shares) to an amount equal to the amounts paid up or credited as paid up on such deferred shares.

The Group operates an unapproved share option scheme. Awards under each scheme are made periodically to employees. The share options in this scheme vest three years after the date of grant and have an exercise period of seven years. The options may only be exercised by optionholders while they are still employees of the Group. If death in services occurs the options can be exercised (to the extent that they have vested) by the optionholder's personal representatives for a period of 12 months following the date of death. If an optionholder ceases to be employed and the Directors deem the optionholder to be a 'Good Leaver' the options can be exercised (to the extent that they have vested) for a period of six months following the date of cessation of employment. The charge calculated up to 31 December 2014 is £nil (2013: £nil). Volatility was assessed over the period since the shares were listed.

A reconciliation of option movements over the year ended 31 December 2014 is shown below:

	Number	Exercise price
Outstanding at 31 December 2013	1,900,000	20p
Lapsed during the year	(300,000)	
Exercisable at 31 December 2014	1,600,000	20p

At 31 December 2014 outstanding options granted over ordinary shares were as follows:

Share option scheme	Exercise price	Number	Dates exercisable
Company unapproved	20p	1,600,000	24 March 2010 to 23 March 2017

15. Retirement benefits

Defined contribution pension scheme

The Group operates a defined contribution scheme for the benefit of certain employees and Directors. The assets of the scheme are administered by trustees in a fund independent from those of the Company. There were no contributions during the year (2013: £nil).

16. Commitments under operating leases

There are no commitments under operating leases (2013: £nil). All rental properties are let on short term leases between six and twelve months.

17. Transactions with related parties

Highlands Village Limited, a company in which Mr S D Wicks and Mr N Malde are both Directors and shareholders, advanced £281,000 to the Company in previous years on an unsecured basis at 4% above base rate. Interest of £77,000 (2013: £64,000) has been accrued and remains unpaid at the year end.

18. Financial instruments and risk profile

The Group's financial instruments comprise its investment portfolio, cash balances, debtors and creditors that arise directly from its operations and derivative instruments. The Group is exposed to risk through the use of financial instruments and specifically to liquidity risk, market price risk and credit risk, which result from the Group's operating activities.

The Board's policy for managing these risks is summarised below.

Liquidity risk

The Group makes investments for the long term. Accordingly the Group rarely trades investments in the short term. Whilst the Group has no listed investments at present, historically these have been sold to meet the Group's funding requirements. However, the market in small capitalised companies can be illiquid. The Group also has a number of residential properties which can be sold. Accordingly the Directors monitor the market and make disposals as appropriate.

Market price risk

The Group is exposed to market price risk as shown by movements in the value of its equity investments. Any such risk would be regularly monitored by the Directors.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors capital on the basis of carrying amount of equity, less cash and cash equivalents as presented on the face of the Statement of Financial Position. The movement in the capital to overall financing ratio is shown below. The target capital to overall financing ratio has been set by the Directors at 10%.

	2014 £'000	2013 £'000
Equity	598	205
Less: cash and cash equivalents	(13)	(10)
Capital	585	195

	2014 £'000	2013 £'000
Equity	598	205
Borrowings	4,794	3,511
Overall financing	5,392	3,716
Capital to overall financing	10.8%	5.2%

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Credit risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

	2014 £'000	2013 £'000
Trade and other receivables	9	15
Available-for-sale financial assets	3,343	1,400
Cash and cash equivalents	13	10
	3,365	1,425

The Directors consider that all the above financial assets are of reasonable quality. No amounts shown above are considered to be past their due date.

Notes to the Group financial statements for the year ended 31 December 2014

18. Financial instruments and risk profile *continued*

Summary of financial assets and liabilities by category

The carrying amount of financial assets and liabilities as recognised at the balance sheet date of the reporting periods under review may also be categorised as below:

	2014 £'000	2013 £'000
Non-current assets		
Financial assets at fair value through profit or loss	1	1
Current assets		
Trade and other receivables	9	15
Cash and cash equivalents	13	10
Loans and receivables	22	25
Available-for-sale financial assets	3,343	1,400
Current liabilities		
Financial liabilities carried at amortised cost	5,502	2,670
Non-current liabilities		
Financial liabilities carried at amortised cost	—	1,200
Derivative held at fair value through profit or loss	8	17
	8	1,217

The financial instruments held at fair value through profit or loss have been valued in accordance with the International Private Equity and Venture Capital Valuation guidelines. In the current year, these are determined by reference to quoted prices where there is an active market for identical assets or liabilities. Otherwise the fair value is determined by using valuation techniques such as earnings multiples. There is no material difference between the carrying value and fair value of the Group's aggregate financial assets and liabilities.

Interest rate risk profile of financial liabilities

	2014 £'000	2013 £'000
Floating rate financial liabilities	2,194	2,111
Fixed rate financial liabilities	2,600	1,400
Financial liabilities on which no interest is paid	716	376
	5,510	3,887

The floating rate financial liabilities principally comprise loans as follows:

- bank loan which is secured against the investment properties with interest payable at 2.5% over base rate; and
- other loans with interest payable at 4% over base rate.

The fixed rate financial liability comprise loans with interest payable at 10% per annum.

All financial assets and liabilities are denominated in Sterling.

Maturity profile of financial liabilities including interest

The maturity profile of the Group's financial liabilities was as follows:

	2014 £'000	2013 £'000
In one year or less, or on demand		
Bank loan	1,200	80
Other loans	3,594	2,410
	4,794	2,490
In more than one year but not more than two		
Bank loan	—	80
In more than three years		
Bank loan	—	1,040

The above amounts reflect the contractual undiscounted cash flows which may differ to the carrying values of the liabilities at the reporting date.

Fair value measurement hierarchy of financial liabilities

The Group uses an interest rate swap to mitigate interest rate exposure on the Barclays Bank loan. The loan has a variable interest rate of 2.75% above the notional base rate of 1.98%. The interest rate swap is deemed to be a separate financial instrument from the loan and not an embedded derivative within the host loan. In accordance with IFRS 7, financial instruments are disclosed by level of the fair value measurement hierarchy as detailed in note 7. There have been no transfers between these classifications in the period (2013: none). The change in fair value for the current and previous years is recognised through profit or loss.

	Level 2 derivatives £'000
Cost	
At 1 January 2014	—
Additions	—
At 31 December 2014	—
Fair value movements	
At 1 January 2014	(17)
Fair value adjustment	9
At 31 December 2014	(8)
Fair value	
At 31 December 2014	(8)
At 31 December 2013	(17)

Sensitivity analysis

The following table illustrates the sensitivity of profit/(loss) and equity to a reasonably possible change in interest rates of +/- 1%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	(Loss)/profit for the year £000		Equity £000	
	+ 1%	- 1%	+ 1%	- 1%
31 December 2014	(161)	(85)	584	660
31 December 2013	1	62	170	231

19. Company information

The Company is a public limited company registered in England and Wales. The registered office is 417 Finchley Road, London, NW3 6HJ.

Independent auditor's report

to the members of Energiser Investments plc on the
Parent Company financial statements

We have audited the Parent Company financial statements of Energiser Investments plc for the year ended 31 December 2014 which comprise the Parent Company Balance Sheet, the principal accounting policies and the related Notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of the Parent Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the Parent Company financial statements

- give a true and fair view of the state of the Group's affairs as at 31 December 2014;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Group Strategic Report and in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Parent Company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 Parent Company 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.

Other matter

We have reported separately on the Group financial statements of Energiser Investments plc for the year ended 31 December 2014.

Andrew Hulse
Senior Statutory Auditor
UHY Hacker Young
Statutory Auditor, Chartered Accountants
Sheffield
26 May 2015

Parent company balance sheet

as at 31 December 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Investments	3	1	1
Current assets			
Debtors	4	1,106	909
		1,106	909
Creditors: amounts falling due within one year	5	(1,043)	(969)
Net current assets/(liabilities)		63	(60)
Net assets/(liabilities)		64	(59)
Capital and reserves			
Called up share capital	6	2,312	2,312
Share premium account	7	5,747	5,747
Convertible loan	7	88	88
Revaluation reserve	7	420	420
Merger reserve	7	1,012	1,012
Profit and loss account	7	(9,515)	(9,638)
Shareholders' funds/(deficit)	8	64	(59)

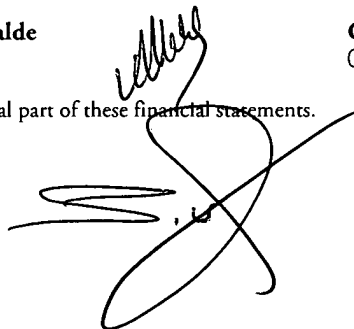
The financial statements were approved by the Board of Directors and authorised for issue on 26 May 2015.

Stephen Wicks
Chairman

Nishith Malde
Director

Company Number
00298654

The accompanying accounting policies and notes form an integral part of these financial statements.



Principal accounting policies

for the year ended 31 December 2014

The principal accounting policies of the Company remain unchanged from the previous year, other than as noted below. The accounting policies of the Company are set out below.

Basis of accounting

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investment assets. The accounts have been prepared in accordance with applicable accounting standards.

The financial statements have been prepared on the going concern basis, the Directors having considered the cash forecasts for the next twelve months from the date of the approval of these financial statements. In doing so they have given due regard to the risks and uncertainties affecting the business as set out in the Directors' Report, the liquidity of investments and the liquidity risk disclosed in Note 18 of the Group financial statements, financial support provided by Mr S D Wicks, who has undertaken to meet the cash needs of the Company if required, and the repayment of other loans as referred to in Note 12 of the Group financial statements. On this basis the Directors have a reasonable expectation that the funds available to the Group are sufficient to meet the requirements indicated by those forecasts.

Investments

Investments in subsidiaries are carried at cost less amounts written off.

Listed investments

Investments which are listed on a stock market such as AIM or similar markets are valued at their closing mid price.

Where listed investments are subject to restrictions on sale or the marketability of the holding is limited then a discount to the listed market price may be applied. Unrealised gains are transferred to the revaluation reserve.

Unlisted shares

Valuation methods used are either costs or, where appropriate, fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines.

In estimating fair value a valuation methodology is applied that is appropriate in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio. The valuation methodology will consider:

- price of recent investment;
- earnings multiple;
- net assets;
- discounted cash flows or earnings of the underlying business;
- discounted cash flows from the investment; and
- industry valuation benchmarks.

For investments in start up or early stage businesses, the Price of Recent Investment methodology is the most appropriate for a limited period following the date of investment. Thereafter the fair value is measured using the most appropriate methodology. If fair value cannot be reliably measured then a provision is made.

In the course of this review, increases above cost based valuations of unquoted investments are, in normal circumstances, only made if substantiated by significant third party transactions in relevant shares. Unrealised gains are recorded in the revaluation reserve.

Leased assets

Payments made under operating leases are charged to the revenue account on a straight line basis over the lease term.

Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the revenue account except as follows:

- expenses which are incidental to the acquisition of an investment are included within the cost of the investment;
- expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment; and
- expenses are charged to capital reserve and realised where a connection with the maintenance or enhancement of the value of the investments can be demonstrated.

Taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Retirement benefits***Defined contribution pension scheme***

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

Notes to the Company's financial statements

for the year ended 31 December 2014

1. Profit attributable to members of the Parent Company

As permitted by Section 408 of the Companies Act 2006, the Parent Company has not presented its own profit and loss account.

The Company's profit for the year of £123,000 (2013: loss of £120,000) has been transferred to reserves.

Auditor's remuneration

The audit fees for the Company were £7,000 (2013: £7,000). Auditor's remuneration for other services is disclosed in note 2 to the consolidated financial statements.

Fees paid to the Company's auditor, UHY Hacker Young, and its associates for services other than statutory audit of the Company are not disclosed in Energiser Investments plc's accounts since the Group accounts are required to disclose non-audit fees on a Group basis.

2. Staff costs

Staff costs during the year were as follows:

	2014 £'000	2013 £'000
Wages and salaries	2	10
Social security costs	—	—
Share-based compensation	—	—
	2	10

The Directors and employees of the Company waived £463,000 of remuneration as at 31 December 2014 (2013: £425,000), which includes £38,000 in respect of the current year. See Remuneration Report on page 33.

The average number of employees (including Directors) of the Company was:

	2014 Number	2013 Number
Management of investments	2	2

See the Remuneration Report for details of Directors' remuneration.

3. Investments

	2014 £'000	2013 £'000
Investments listed on a recognised investment exchange	1	1

	Listed £'000	Subsidiary undertakings £'000	Other unlisted investments £'000	Total £'000
Cost				
At 1 January 2014	(419)	2,623	4,907	7,111
At 31 December 2014	(419)	2,623	4,907	7,111
Unrealised appreciation/(depreciation)				
At 1 January 2014	420	—	(4,907)	(4,487)
At 31 December 2014	420	—	(4,907)	(4,487)
Provision against investment in subsidiaries	—	(2,623)	—	(2,623)
Cost or valuation				
At 31 December 2014	1	—	—	1
At 31 December 2013	1	—	—	1

3. Investments *continued*

Subsidiary undertakings

At 31 December 2014 Energiser Investments plc held 50% or more of the equity of the following:

Company name	Country of registration	Principal activity	Holding	Class of shares
World Life Sciences Limited	England	Dormant	100%	Ordinary
Urco Limited	England	Dormant	100%	Ordinary
Development Funding Limited	England	Development finance	100%	Ordinary
Energiser (Nominee) Limited	England	Development finance	100%	Ordinary
Cedar Green Homes Limited	England	Property development	100%	Ordinary

4. Debtors

	2014 £'000	2013 £'000
Amounts owed by subsidiary undertaking	1,105	902
Other debtors	—	5
Prepayments and accrued income	1	2
	1,106	909

5. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Other loans	762	701
Trade creditors	7	20
Amounts owed to subsidiary undertaking	63	63
Other creditors and accruals	211	185
	1,043	969

6. Share capital

	2014 £'000	2013 £'000
Authorised		
46,000,000 (2013: 46,000,000) ordinary shares of 0.1p each	46	46
3,980,789,750 (2013: 3,980,789,750) deferred shares of 0.1p each	3,981	3,981
	4,027	4,027
Allotted, called up and fully paid		
43,787,956 (2013: 43,787,956) ordinary shares of 0.1p each	44	44
2,268,113,165 (2013: 2,268,113,165) deferred shares of 0.1p each	2,268	2,268
	2,312	2,312

Deferred shares

The deferred shares have:

- no right to any dividend;
- the right to receive notice of any general meeting and to attend such meeting but no right to vote there at; and
- the right on a winding up or other return of capital (after payment of the debts and liabilities of the Company and an amount equal to the amounts paid up, or credited as paid up, including any premium on the ordinary shares of the Company, together with any unpaid arrears of dividend declared on such shares) to an amount equal to the amounts paid up or credited as paid up on such deferred shares.

Notes to the Company's financial statements

for the year ended 31 December 2014

6. Share capital continued

The Company operates an unapproved share option scheme. Awards under each scheme are made periodically to employees. The share options in this scheme vest three years after the date of grant and have an exercise period of seven years. The options may only be exercised by optionholders while they are still employees of the Group. If death in services occurs the options can be exercised (to the extent that they have vested) by the optionholder's personal representatives for a period of 12 months following the date of death. If an optionholder ceases to be employed and the Directors deem the optionholder to be a 'Good Leaver' the options can be exercised (to the extent that they have vested) for a period of six months following the date of cessation of employment. The charge calculated up to 31 December 2014 is £nil (2013: £nil). Volatility was assessed over the period since the shares were listed.

A reconciliation of option movements over the year ended 31 December 2014 is shown below:

	Number	Exercise price
Outstanding at 31 December 2013	1,900,000	20p
Lapsed during the year	(300,000)	
Exercisable at 31 December 2014	1,600,000	20p

Deferred shares continued

At 31 December 2014 outstanding options granted over 0.1p ordinary shares were as follows:

Share option scheme	Exercise price	Number	Dates exercisable
Company unapproved	20p	1,600,000	24 March 2010 to 23 March 2017

7. Reserves

	Share premium account £'000	Equity element of convertible loan £'000	Revaluation reserve £'000	Merger reserve £'000	Profit and loss account £'000
At 1 January 2014	5,747	88	420	1,012	(9,638)
Retained profit for the year	—	—	—	—	123
At 31 December 2014	5,747	88	420	1,012	(9,515)

8. Reconciliation of movements in shareholders' (deficit)/funds

	2014 £'000	2013 £'000
Retained profit/(loss) for the year	123	(120)
Shareholders' funds brought forward	(59)	61
Shareholders' funds/(deficit) carried forward	64	(59)

9. Commitments under operating leases

There are no commitments under operating leases (2013: £Nil).

10. Transactions with related parties

Highlands Village Limited, a company in which Mr S D Wicks and Mr N Malde are both Directors and shareholders, advanced £281,000 to the Company in previous years on an unsecured basis at 4% above base rate. Interest of £77,000 (2013: £64,000) has been accrued and remains unpaid at the year end.

Cedar Green Homes Limited, Energiser (Nominee) Limited and Development Funding Limited are wholly owned subsidiaries of Energiser Investments plc. Energiser Investments plc is exempt from the requirements of FRS 8 to disclose transactions with the companies.

Remuneration report

for the year ended 31 December 2014

The Board submits its Remuneration Report for the year ended 31 December 2014.

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Company's position as a market leader and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this but to avoid paying more than is necessary. Due to the Board's current size it does not have a Remuneration Committee.

Main elements of remuneration

The three main elements of the Executive Directors' remuneration package are basic annual salary, performance related bonus and share option incentives.

Basic annual salary

Any Executive Director's basic salary is reviewed annually by the Board. In deciding upon appropriate levels of remuneration the Board believes that the Company should offer average levels of base pay reflecting individual responsibilities compared to similar jobs in comparable companies.

Summary of Directors' remuneration

	Aggregate emoluments				Company contributions to money purchase pension scheme	
	Salary/fees 2014 £'000	Salary waived 2014 £'000	Bonus 2014 £'000	Total 2014 £'000	Total 2013 £'000	2014 £'000
Executive						
N Malde	38	(38)	—	—	—	—
Non-executive						
S C Bennett	—	—	—	—	10	—
W J Weston	2	—	—	2	—	—
	40	(38)	—	2	10	—

Non-executive Director

The remuneration of the Non-executive Director is determined by the Board within the limits set out in the Articles of Association. The Non-executive Director does not have a contract of service and is not eligible to receive pension contributions.

Directors' interests

The interests of the Directors and their families in the ordinary shares of the Company are shown below:

	As at 31 December 2014 0.1p Ordinary shares	As at 1 January 2014 0.1p Ordinary shares
Ordinary shares		
S Wicks (appointed 26 February 2015)	23,558,855	23,558,855
W Weston (appointed 4 December 2013, deceased 18 August 2014)	2,175,558	2,175,558
N Malde	5,935,646	5,935,646
Share options	0.1p Ordinary shares	0.1p Ordinary shares
N Malde	700,000	700,000

The share options are part of a Company Unapproved scheme and are exercisable at 20p between 24 March 2010 and 23 March 2017.

Other than shown above, no Director had any interest in the shares of the Company or any of its subsidiaries at 31 December 2014.

ON BEHALF OF THE BOARD

Stephen Wicks
Chairman
26 May 2015



Board of Directors and advisers

Non-executive Chairman

Stephen Wicks (appointed 26 February 2015)

Executive Director

Nishith Malde

Company registration number

00298654

Registered office

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01494 762 450

Email

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Secretary

Nishith Malde

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Auditor***UHY Hacker Young***

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