

# **CHALLENGER ACQUISITIONS LIMITED**

Annual Report and financial statements for the Year Ended 31 December 2019

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## **Company Information**

### **Directors**

Mark Gustafson (*Executive Chairman and Chief Executive Officer*)  
Rupert Baring (*Non-Executive Director*)  
George Lucan (*Non-Executive Director*)

### **Company Secretary**

Markus Kameisis  
Giesshübelstrasse 40  
Zurich  
Switzerland  
CH-8045

### **Registered Office**

PO Box 186, Royal Chambers  
St Julian's Avenue, St Peter Port  
Guernsey  
GY1 4HP

### **Registered Number**

Incorporated in Guernsey with Registered No. 59383

### **Auditors**

Crowe U.K LLP  
St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

### **Solicitors**

McCarthy Denning Limited  
25 Southampton Buildings  
London  
WC2A 1AL

### **Company's Guernsey Law Advisors**

Mourant Ozannes  
PO Box 186, Royal Chambers  
St Julian's Avenue, St. Peter Port  
Guernsey  
GY1 4HP

### **Principal Bankers**

HSBC Bank plc  
8 Canada Square  
  
London  
E14 5HQ

### **Registrars**

Neville Registrars Limited  
Neville House  
18 Laurel Lane  
Halesowen  
B63 3DA

## **CEO's Statement**

For Challenger, the year 2019 was a year comprising a substantial clean-up of the prior year's issues, including providing clarity on potential projects moving forward and changes at the board level.

### **Dallas, Texas investment**

In January 2019, we agreed to sell our US\$300,000 investment in the Odyssey of Texas back to the original developers in tranches over the course of 2019. To date, the Company has received US\$275,000 of the principal sum and US\$7,625 of the interest. The remaining balance of US\$25,000 is still outstanding and being pursued by the Company. Until the remaining balance has been received, the original convertible promissory note and securities purchase agreement stays in place.

### **Starneth**

In the first quarter of 2019, the Company agreed to transfer one equity unit in the New York Wheel project to the owners of the Starneth group of companies in exchange for a complete release of any and all claims between the two parties. This eliminated a liability on the Company's balance sheet of 1.25 million euros and its accrued interest, which was recorded as a recovery in 2019.

### **Star Sanctum investment**

In 2019, the Company received the remaining £40,000 of the original £100,000 loan to Star Sanctum (£60,000 received in 2018). There is no further action required on this matter.

### **Board of director changes**

In order to expand the search for potential new projects, a shift in the composition of the board of directors from a North American base to a London base was necessary. In March 2019, we announced the addition of George Lucan to the board as a non-executive director. In September 2019, Richard Marin and Gene Stice (both US based) voluntarily resigned from the board and Rupert Baring joined the board as another non-executive director. Both Mr. Lucan and Mr. Baring are based in London.

### **Potential new projects**

During 2019, a number of entertainment projects were introduced to the Company. None of these entertainment projects proceeded due, primarily, to funding issues. We have expanded the search for non-entertainment projects in order to find a suitable direction for the Company to pursue, regardless of the sector. This search process has been accelerated thanks to the efforts of Mr. Lucan and Mr. Baring.

### **Note holders**

The two remaining convertible note holders have been informed of the search process for a potential new project and we are seeking their cooperation in this process.

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New York Wheel equity units

The Company retains two equity units in this project. Since the value of these units relates directly to the stalled project on Staten Island, there is no carrying value on the balance sheet for this investment.

On behalf of the new Challenger Board, we would like to take this opportunity to thank our shareholders and note holders for their patience and support during another challenging year.

**Mark Gustafson**

Chief Executive Officer

13 May 2020

## **Strategic and Operational Review**

Challenger was formed in November 2014 to undertake one or more acquisitions in the entertainment and leisure sectors with a particular focus on the attractions sector.

The Company was admitted to the Official List by way of a Standard Listing and commenced trading on the London Stock Exchange's main market for listed securities on 19 February 2015. The US\$3 million investment in the New York Wheel was announced on 26 May 2015. The lack of funding for completing this project by the New York Wheel developer was announced on 24 October 2018. The acquisition of the Starneth companies was closed on 15 July 2015 and the disposition of the Starneth companies was announced on 30 January 2017. Challenger announced the £100k loan to the London-based Star Sanctum on 7 November 2017 and an agreement to recover the Star Sanctum loan was announced on 31 July 2018. The principal has been fully recovered in 2018 and 2019. The US\$300k investment in the Dallas-based wheel project was announced on 18 January 2018 and the restructuring of the repayment terms of the investment in this project was announced on 16 January 2019. To date US\$275k of the principal has been recovered along with accumulated interest.

Challenger is actively searching for an appropriate Reverse Takeover candidate in order to create long-term value for its shareholders.

**Mark Gustafson**  
Chief Executive Officer  
13 May 2020

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**Financial Review**

**Overview**

The Company posted a profit in the year under review as a result of gain on transfer of other assets. One unit of the New York Wheel investment, which was completely impaired, was used to cancel the deferred consideration the Company owed as a result of the Starneth acquisition. Of the financing the Company had given to the Dallas Wheel project, USD 275k was paid back, USD 25k remains outstanding. In addition, the Star Sanctum investment was paid back completely.

**Profit for the year**

For the year, the Company recorded a profit of £936k (2018 loss: £2,008k). The biggest income driver in 2019 was the gain on exchange of one equity unit of the New York Wheel investment against the deferred consideration for Starneth for £1,308k. The biggest cost driver was the £194k (2018: £322k) in accrued interest for the two outstanding convertible notes. The Company reports a total comprehensive profit of £936k (2018 loss: £2,008k).

**Balance Sheet**

The total amount of assets on the balance sheet as per the balance sheet date is £44k (2018: £277k). The assets consist mainly of the investment in the Dallas Wheel project of £22k. In addition the Company shows cash and cash equivalents of £16k (2018: £29k) and trade and other receivables of £6k (2018: £14k).

A mix of equity and convertible notes has financed these assets. The equity at the balance sheet date amounted to (£2,220k) (2018: (£3,196k)) and the liabilities were £2,264k (2018: £3,473k).

**Cash flow**

During the year, there was one funding transaction, which generated a cash inflow of £40k. In addition, the payments received as repayment of the Dallas Wheel project amounted to £213k and the repayments received from Star Sanctum totalled £40k.

Cash used in operations totalled £266k.

**Closing cash**

As at 31 December 2019, the Company held £16k (2018: £29k) in the bank account.

**Markus Kameisis**

Chief Financial Officer

13 May 2020

## **Board of Directors and Senior Management**

The present Board consists of Mark Gustafson (Chief Executive Officer), George Lucan (Non-Executive Director) and Rupert Baring (Non-Executive Director). Gene Stice and Richard Marin voluntarily resigned as Non-Executive Directors in September 2019. George Lucan was appointed to the board in February 2019 and Rupert Baring was appointed to the Board in September 2019. Details of the current Board are set out below.

**Mark Gustafson** (aged 60)

*Chief Executive Officer*

*Appointed 24 November 2014*

Mr Gustafson is a Canadian based Chartered Professional Accountant with over 30 years of experience in building public and private companies and arranging finance.

Mr Gustafson served as President and CEO of Total Energy Services Ltd, a Toronto Stock Exchange listed company providing oilfield rental services and Chairman and Chief Executive Officer of Triangle Petroleum Corporation. More recently, Mr Gustafson held the position of President and Chief Executive Officer of Euromax Resources Ltd.

**George Charles Lucan** (aged 52)

*Non-Executive Director*

*Appointed 28 February 2019*

Mr. Lucan is a successful finance professional with over thirty years of experience in equity and debt markets. After graduating from Cambridge University, he began his career at Dresdner Kleinwort Benson where he spent 10 years, mainly within the Structured Finance team, and continued in alternative fund management, most recently with Rudolf Wolff Limited. He brings, in addition, private equity experience in the fields of energy and alternative energy.

As an Arabic speaker and accredited Islamic finance specialist with extensive knowledge of the Middle East and North Africa region, George brings a wealth of diverse experience. Currently training for the Advanced Certificate in Corporate Governance with the Governance Institute, George also has a special focus on transparency, shareholder relations and governance matters in general. George is presently Managing Director of Angus Energy plc, a public company traded on AIM.

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**Rupert Esmond Ian Baring** (aged 51)

*Non-Executive Director*

*Appointed 21 September 2019*

Mr. Baring has extensive experience in working with governments and license holders across Africa, including but not limited to South Africa, Zimbabwe, Lesotho, Namibia, Eritrea, Tunisia, Botswana, Congo, Angola, Mali, Guinea, Liberia, Sierra Leone, primarily in the mineral sector.

He began his career as an equity analyst, then moved on as an international insurance broker for 5 years at Johnson & Higgins. Mr. Baring then spent the next 5 years working at various diamond companies, including De Beers. Over the next 20 years, he has helped build or guide numerous junior resource companies such as Star Resources Corp, African Gold and Diamonds, Global Diamond Tenders, Mantle Diamonds Ltd, Arabian Nubian Resources and Tantalus Rare Earths.

In addition to the Challenger Board, the senior management comprises:

**Markus Kameisis** (aged 41)

*Chief Financial Officer*

*Appointed 24 November 2014*

Mr Kameisis is a Swiss-based German finance executive with over 15 years of experience in the banking and financial industry.

Having worked for UBS in Luxembourg and Switzerland and more latterly Gutenberg Group AG in Switzerland, Mr Kameisis founded an outsourcing and advisory firm for SME companies called Icelia AG in 2014, which was rebranded to Infeas AG in 2019. Infeas AG provides accounting services to the Company.

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**Directors' Report**

The Directors present their report with the financial statements of the Company for the year ended 31 December 2019.

The Company's Ordinary Shares were originally admitted to listing on the London Stock Exchange, on the Official List pursuant to Chapters 14 of the Listing Rules, which sets out the requirements for Standard Listings, on 19 February 2015.

**Principal Activities**

The Company was formed to undertake acquisitions in the entertainment and leisure sectors with a particular focus on the attractions sector. Following the disposal of the assets and liabilities related to the Starneth companies early in 2017, the Company is now seeking other acquisition opportunities.

**Review of Business in the Year**

Further details of the Company's business and expected future development are also set out in the CEO's Statement, the Strategic and Operational Review and the Financial Reviews on pages 4 to 10.

**Principal Risks and Uncertainties**

The primary business risk is that there might not be a new project found, which brings cash flow and financing to the Company. In addition, the Company's cash flow in 2020 is depending on the last instalment coming in from the Dallas project and the potential for new equity or convertible note financings.

**Directors**

The Directors of the Company during the year and their beneficial interest in the Ordinary shares of the Company at 31 December 2019 were as follows:

<b>Director</b>	<b>Position</b>	<b>Appointed</b>	<b>Resigned</b>	<b>Ordinary Shares</b>	<b>Options*</b>
Mark Gustafson	CEO	24/12/2014	-	10,150,000	280,000
Richard Marin	Non-Exec	11/01/2016	21/09/2019	-	-
Gene Stice	Non-Exec	28/03/2017	21/09/2019	-	-
George Lucan	Non-Exec	28/03/2019	-	-	-
Rupert Baring	Non-Exec	21/09/2019	-	-	-

\* *Options issued to Directors were issued under individual agreements with each Director on 8 September 2015.*

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**Substantial shareholders**

As at 31 December 2019, the total number of issued Ordinary Shares with voting rights in the Company was 296,001,572.

Save for the interests of the Directors, as at 12 May 2020, being the latest practicable date prior to publication of this Document, the Company has been informed of the following holdings of Ordinary Shares which represent more than 5 per cent of its issued share capital:

- Knowe Properties Limited – 37,000,000 shares (11.7%)
- Zhen Xie – 31,900,000 shares (10.1%)
- Jarvis – 19,535,676 shares (6.2%)

**Financial instruments**

Details of the use of financial instruments by the Company are contained in notes 7 and 21 of these financial statements.

**Dividends**

The Directors do not propose a dividend in respect of the year ended 31 December 2019.

**Going Concern**

The financial information has been prepared on the assumption that the Company will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. In assessing whether the going concern assumption is appropriate, the Directors take into account all available information for the foreseeable future, in particular for the twelve months from the date of approval of the financial information.

Based on the continued implementation of cost control measures, the significant reduction in creditor debt, the elimination of the contingent obligation to the owners of the former Starneth business and an executed release, the continued support from the primary convertible note holder, the final receipt of funds from the Dallas wheel project, and advanced discussions with two potential projects, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The primary note holder is supportive of the Company and there are no material external creditors. In order to support a new acquisition, the fund raising options may include a substantial equity offering or a new financing facility. The fund raising options are early stage and there is a material uncertainty as to whether additional funding will be received and therefore regarding the going concern basis of preparation. The financial statements do not include any adjustments that would be required if the going concern basis was not appropriate.

The Directors' objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. At the date of this financial information, the Company had been financed from equity and convertible

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notes. In the future, the capital structure of the Company is expected to consist of convertible notes and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

**Auditors**

The auditors, Crowe U.K. LLP, have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

**Statement of Directors' responsibilities**

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

The Companies (Guernsey) Law, 2008 (as amended) 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 International Financial Reporting Standards (IFRSs') as adopted by the EU and applicable law.

Under Companies (Guernsey) Law, 2008 (as amended), the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008 (as amended). 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.

They are further responsible for ensuring that the Directors' Report and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the Guernsey.

The maintenance and integrity of the Challenger Acquisitions Limited website is the responsibility of the Directors

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The CEO's statement, Strategic and Operational Review, and Financial Review, all of which are incorporated into this report, include a true and fair view of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face and provides information necessary for shareholders to assess the Company's performance, business model and strategies.

The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole

**Statement as to Disclosure of Information to Auditors**

So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware and each has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## **Corporate Governance Report**

### **Introduction**

The Board is committed to good corporate governance and because it is a Company listed on the Standard Segment of the Official List of the UK Listing Authority, the Company is not required to comply with the provisions of the UK Corporate Governance Code. However the Board sets out below its practices to ensure good corporate governance having due regard for the principles of the UK Corporate Governance Code to the extent appropriate for a company of this size and nature.

The Board meets regularly and is responsible for formulating, reviewing and approving the Company's strategy, budgets, performance, major capital expenditure and corporate actions.

Set out below are Challenger's corporate governance practices for the year ended 31 December 2019 and, where applicable, its position for the current financial year.

### **Leadership**

The Company is headed by an effective Board which is collectively responsible for the long-term success of the Company.

#### *The role of the Board*

The Board sets the Company's strategy, ensuring that the necessary resources are in place to achieve the agreed strategic priorities, and reviews management and financial performance. It is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and monitoring the Company's affairs within a framework of controls which enable risk to be assessed and managed effectively. The Board also has responsibility for setting the Company's core values and standards of business conduct and for ensuring that these, together with the Company's obligations to its stakeholders, are widely understood throughout the Company. The Board has a formal schedule of matters reserved which is detailed later in this report.

#### *Board Meetings*

The core activities of the Board are carried out in scheduled meetings of the Board and its Committees. These meetings are timed to link to key events in the Company's corporate calendar and regular reviews of the business are conducted. Additional meetings and conference calls are arranged to consider matters, which require decisions outside the scheduled meetings. During 2019, the Board met on 12 occasions related to the Dallas project, Starneth, board changes, project reviews, an equity funding, a note conversion, and other corporate matters.

Outside the scheduled meetings of the Board, the Directors maintain frequent contact with each other to discuss any issues of concern they may have relating to the Company or their areas of responsibility, and to keep them fully briefed on the Company's operations.

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Matters reserved specifically for the Board

The Board has a formal schedule of matters reserved that can only be decided by the Board. The key matters reserved are the consideration and approval of:

- The Company's overall strategy;
- Financial statements and dividend policy;
- Management structure including succession planning, appointments and remuneration;
- Material acquisitions and disposal, material contracts, major capital expenditure projects and budgets;
- Capital structure, debt and equity financing and other matters;
- Risk management and internal controls;
- The Company's corporate governance and compliance arrangements;
- Corporate policies.

Summary of the Board's work in the year

During 2019, the Board considered all relevant matters within its remit, but focused in particular on financing, board changes and the search for new potential projects.

Attendance at meetings:

<i>Member</i>	<i>Meetings held</i>	<i>Meetings attended</i>	<i>Attendance</i>
Mark Gustafson	12	12	100%
Richard Marin	10	7	70%
Gene Stice	10	10	100%
George Lucan	10	10	100%
Rupert Baring	2	2	100%

The Board is pleased with the high level of attendance and participation of Directors at Board meetings. Due to the early stage of the Company, no meetings of the Audit & Risk Committee or Remuneration Committee were held during the year, with all relevant business instead conducted at Board meetings.

The Chairman sets the Board Agenda and ensures adequate time for discussion.

Non-executive Directors

The non-executive Directors bring a broad range of business and commercial experience to the Company and have a particular responsibility to challenge independently and constructively the performance of the Executive management and to monitor the performance of the management team in the delivery of the agreed objectives and targets.

Non-executive Directors are initially appointed for a term of one year, which may, subject to satisfactory performance and re-election by shareholders, be extended by mutual agreement.

## **Delegations of authority**

### Board Committees

Once the Company grows beyond its early stages and expands its number of directors, the Board intends to delegate matters to two committees, namely an Audit & Risk Committee, and a Remuneration Committee. The memberships, roles and expected activities of these committees are detailed in separate reports: the Audit & Risk Committee from page 25 onwards, and the Remuneration Committee from page 21 onwards. Each committee will report to the Board and the issues considered at meetings of the committees are provided by the respective committee chairmen. The terms of reference of each committee are to be reviewed by the Board every other year.

### Other governance matters

All of the Directors are aware that independent professional advice is available to each Director in order to properly discharge their duties as a Director. In addition, each Director and Board committee has access to the advice of the Company Secretary.

### The Company Secretary

The Company Secretary is Markus Kameisis who is retained on a consultancy basis. He is available to Directors and responsible for the Board complying with UK procedures.

## **Effectiveness**

For the year under review the Board comprised of an Executive Director and two Non-Executive Directors. Biographical details of the Board members are set out on page 9 and the following pages of this report.

The Directors are of the view that the Board consists of Directors with an appropriate balance of skills, experience, independence and diverse backgrounds to enable them to discharge their duties and responsibilities effectively.

### Independence

The Non-Executive Directors bring a broad range of business and commercial experience to the Company. The Board considers George Lucan and Rupert Baring to be independent in character and judgement.

### Appointments

The Remuneration Committee is responsible for reviewing the structure, size and composition of the Board and making recommendations to the Board with regards to any required changes.

### Commitments

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All Directors have disclosed any significant commitments to the Board and confirmed that they have sufficient time to discharge their duties.

Induction

All new Directors received an induction as soon as practical on joining the Board.

Conflict Of interest

A Director has a duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the interests of the Company. The Board has satisfied itself that there is no compromise to the independence of those Directors who have appointments on the Boards of, or relationships with, companies outside the Company. The Board requires Directors to declare all appointments and other situations which could result in a possible conflict of interest.

Board performance and evaluation

Challenger has a policy of appraising Board performance annually. Challenger has concluded that for a company of its current scale, an internal process administered by the Board is most appropriate at this stage.

**Diversity and inclusion**

The Company does not discriminate on the grounds of age, gender, nationality, ethnic or racial origin, non-job-related-disability, sexual orientation or marital status. The Company gives due consideration to all applications and provides training and the opportunity for career development wherever possible. The Board does not support discrimination of any form, positive or negative, and all appointments are based solely on merit.

**Accountability**

The Board is committed to providing shareholders with a clear assessment of the Company's position and prospects. This is achieved through this report and as required other periodic financial and trading statements. The Board has made appropriate arrangements for the application of risk management and internal control principles and these are detailed on page 25. Given the size of the company the Board as a whole has performed the duties of the audit and nomination committee as detailed on page 25 and the remuneration committee as detailed on page 21.

Going concern

The Company's business activities, together with factors likely to affect its future operations, financial position, and liquidity position are set out in the Strategic and Operational Review and the Financial Review sections of the Annual Report. In addition, note 4 to the financial statements discloses the Company's financial risk management practices with respect to its capital structure, liquidity risk, interest rate risk, credit risk, and other related matters. The directors consider the uncertainties below, to be applicable over the medium term

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Based on the continued implementation of cost control measures, the significant reduction in creditor debt, the elimination of the contingent obligation to the owners of the former Starneth business and an executed release, the continued support from the primary convertible note holder, the final receipt of funds from the Dallas wheel project, and advanced discussions with two potential projects, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The primary note holder is supportive of the Company and there are no material external creditors. In order to support a new acquisition, the fund raising options may include a substantial equity offering or a new financing facility. The fund raising options are early stage and there is a material uncertainty as to whether additional funding will be received and therefore regarding the going concern basis of preparation. The financial statements do not include any adjustments that would be required if the going concern basis was not appropriate. Further details can be found in note 2 to the financial statements.

*Internal controls*

The Board of Directors reviews the effectiveness of the Company's system of internal controls in line with the requirements of the Code. The internal control system is designed to manage the risk of failure to achieve its business objectives. This covers internal financial and operational controls, compliances and risk management. The Company had necessary procedures in place during the year under review and up to the date of approval of the Annual Financial Report. The Directors acknowledge their responsibility for the Company's system of internal controls and for reviewing its effectiveness. The Board confirms the need for an ongoing process for identification, evaluation and management of significant risks faced by the Company. A risk assessment for each project is carried out by the Directors before making any commitments.

The Directors are responsible for taking such steps as are reasonably available to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**Nomination**

Currently due to the size of the Company there is no Nomination Committee. Nominations are considered by the whole Board. The Directors anticipate that a Nomination Committee will be established in the future when the size of the Company justifies it.

The Nomination Committee will review the composition and balance of the Board and senior management on a regular basis to ensure that the Board and senior management have the right structure, skills and experience in place for the effective management of the Company's business and are expected to meet twice a year.

## **Shareholder relations**

### Communication and dialogue

Open and transparent communication with shareholders is given high priority. The Directors are available to meet with institutional shareholders to discuss any issues and gain an understanding of the Company's business, its strategies and governance.

All Directors are kept aware of changes in major shareholders in the Company and are available to meet with shareholders who have specific interests or concerns. The Company issues its results promptly to individual shareholders and also publishes them on the Company's website: [www.challengeracquisitions.com](http://www.challengeracquisitions.com). Regular updates to record news in relation to the Company and the status of its projects are included on the Company's website.

### Annual General Meeting

At every AGM individual shareholders are given the opportunity to put questions to the Chairman and to other members of the Board that may be present. Notice of the AGM is sent to shareholders at least 10 working days before the meeting. Details of proxy votes for and against each resolution, together with the votes withheld are announced to the London Stock Exchange and are published on the Company's website as soon as practical after the meeting.

## **Directors' Remuneration Report**

### **The Remuneration Committee**

During the year ended 31 December 2019, the full Board of the Company met to consider matters relating to remuneration and performed the duties as set out in the report. The Remuneration Committee now comprises George Lucan (Chairman) and Rupert Baring.

Challenger's Remuneration Committee operate within the terms of reference approved by the Board.

### **Committee's main responsibilities**

- The Remuneration Committee considers the remuneration policy, employment terms and remuneration of the Directors and reviews the remuneration of senior management;
- The Remuneration Committee's role is advisory in nature and it makes recommendations to the Board on the overall remuneration packages for Directors and senior management in order to attract, retains and motivates high quality executives capable of achieving the Company's objectives;
- The Remuneration Committee also reviews proposals for any share option plans and other incentive plans, makes recommendations for the grant of awards under such plans as well as approving the terms of any performance-related pay schemes.

### **Committee advisors**

The Company consults with the Company's major investors and investor representative companies as appropriate. No Director takes part in any decision directly affecting their remuneration. No remuneration advisors were retained by the Remuneration Committee during the year.

### **Statement of Challenger's policy on Directors' remuneration**

The Company's policy is to maintain levels of remuneration so as to attract, motivate, and retain Directors and senior executives of the highest calibre who can contribute their experience to deliver industry leading performance with the Company's operations. The remuneration package for Executive Directors comprises base fees and share incentive arrangements. The remuneration package for non-executive Directors comprises base fees and share incentive arrangements.

A meaningful proportion of executive and senior managements' remuneration is structured so as to link rewards to corporate and individual performance, align their interests with those of shareholders and to incentivise them to perform at the highest levels. The Remuneration Committee considers remuneration policy and the employment terms and remuneration of the Directors and makes recommendations to the Board of Directors on the overall remuneration packages for the Directors.

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**Service Agreements and Letters of Appointment**

All of the service contracts with Directors are on an evergreen basis, subject to termination provisions. The appointment of Directors is subject to termination upon three months' notice.

The Directors who held office at 31 December 2019 and who had beneficial interests in the Ordinary Shares of the Company are summarised as follows:

<b>Name of Director</b>	<b>Position</b>
Mark Gustafson	Chief Executive Officer

Details of these beneficial interests can be found in the Directors' Report on page 11.

**Terms of appointment**

The services of the Directors, provided under the terms of agreement with the Company dated as follows:

<b>Director</b>	<b>Year of appointment</b>	<b>of Number of years completed</b>	<b>Date of current engagement letter</b>
Mark Gustafson	2014	5	17/12/2014
George Lucan	2019	1	28/02/2019
Rupert Baring	2019	1	20/09/2019

**Consideration of shareholder views**

The Remuneration committee will consider shareholder feedback received and guidance from shareholder bodies. This feedback, plus any additional feedback received from time to time, is considered as part of the Company's annual policy on remuneration.

**Policy for new appointments**

Base salary levels will take into account market data for the relevant role, internal relativities, their individual's experience and their current base salary. Where an individual is recruited at below market norms, they may be re-aligned over time (e.g. two to three years), subject to performance in the role. Benefits will generally be in accordance with the approved policy.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

**Directors' emoluments and compensation (audited)**

Set out below are the emoluments of the Directors for the year ended 31 December 2019 (GBP):

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<b>Name of Director</b>	<b>Short term employee benefits</b>	<b>Post-employment benefits</b>	<b>Other long term benefits</b>	<b>Termination benefits</b>	<b>Management fee</b>	<b>Total</b>
Mark Gustafson	10,000	-	-	-	12,000	22,000
Richard Marin	5,000	-	-	-	-	5,000
Gene Stice	5,000	-	-	-	-	5,000
George Lucan	8,389	-	-	-	-	8,389
Rupert Baring	5,000	-	-	-	-	5,000

Set out below are the emoluments of the Directors for the year ended 31 December 2018 (GBP):

<b>Name of Director</b>	<b>Short term employee benefits</b>	<b>Post-employment benefits</b>	<b>Other long term benefits</b>	<b>Termination benefits</b>	<b>Management fee</b>	<b>Total</b>
Mark Gustafson	10,000	-	-	-	12,000	22,000
Richard Marin	10,000	-	-	-	-	10,000
Gene Stice	10,000	-	-	-	-	10,000

Mr Gustafson billed a total amount of £12,000 as management fees for the year 2019, which is part of the above figures. The compensation for Directors is £10,000 per year and the compensation for the services of Mr. Gustafson is £1,000 monthly for the time being. In 2019 Mr. Gustafson got paid £81,500 for his services and £12,500 as director fees. The accruals for Mr. Gustafson at the end of the period under review were £5,000 in director fees and £6,000 in outstanding fees for his services.

The company Mr. Kameisis is working for billed Challenger a total of GBP 18,790.50 for their services in 2019. The services are provided by Mr. Kameisis and other employees.

None of the remuneration paid was subject to performance conditions.

**Other matters**

The Company does not currently have any annual or long-term incentive schemes in place for any of the Directors and as such there are no disclosures in this respect.

The Company does not have any pension plans for any of the Directors and does not pay pension amounts in relation to their remuneration.

The Company has not paid out any excess retirement benefits to any Directors or past Directors.

The Company has not paid any excess retirement benefits to any current or past Directors.

Directors pay represents 10% of the total operational costs.

## **Report from the Audit & Risk Committee**

The responsibilities of the Audit & Risk Committee were performed by the full Board during the year. The committee oversees the Company's financial reporting and internal controls, and provides a formal reporting link with the external auditors. The ultimate responsibility for reviewing and approving the Annual Report and Accounts and the half-yearly reports remains with the Board.

### **Main Responsibilities**

The Audit Committee acts as a preparatory body for discharging the Board's responsibilities in a wide range of financial matters by:

- Monitoring the integrity of the financial statements and formal announcements relating to the Company's financial performance;
- Reviewing significant financial reporting issues and accounting policies and disclosures in financial reports;
- Overseeing that an effective system of internal control and risk management systems are maintained;
- Ensuring that effective whistle-blowing, anti-fraud and bribery procedures are in place;
- Considering the Company's internal audit requirements and making recommendations to the Board;
- Overseeing the Board's relationship with the external auditors and, where appropriate, the selection of new external auditors;
- Approving non-audit services provided by the external auditors, or any other accounting firm, ensuring the independence and objectivity of the external auditors is safeguarded when appointing them to conduct non-audit services;
- Ensuring compliance with legal requirements, accounting standards and the Listing Rules and the Disclosure and Transparency Rules.

The Audit and Risk Committee shall meet at least twice a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

### **Governance**

The Board requires that at least one member of the Audit Committee has recent and relevant financial experience. Mr Lucan, Chairman of the Audit Committee, has significant senior management experience covering all business areas, including finance. As a result the Board is satisfied that the Audit Committee has recent and relevant financial experience.

The Company's external auditors are Crowe U.K. LLP and the Audit Committee will closely monitor the level of audit and non-audit services they provide to the Company. In the year ended 31 December 2019 Crowe U.K. LLP did not provide non-audit services to the Company.

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**External auditor**

The Company's external auditors are Crowe U.K. LLP. The external auditors have unrestricted access to the Audit Committee Chairman. The Committee is satisfied that Crowe U.K. LLP has adequate policies and safeguards in place to ensure that auditor objectivity and independence are maintained. The external auditors report to the Audit Committee annually on their independence from the Company.

The current auditors, Crowe U.K. LLP were first appointed by the Company in 2015 and therefore a new audit partner has been assigned for this year's engagement. Having assessed the performance objectivity and independence of the Auditors, the Committee will be recommending the reappointment of Crowe U.K. LLP as auditors to the Company at the next annual general meeting.

## **Independent Auditor's Report to the Members of Challenger Acquisitions Ltd**

### **Opinion**

We have audited the financial statements of Challenger Acquisitions Limited (company) for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows and notes to 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law 2008.

### **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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to note 2 to the financial statements, which details the factors the company has considered when assessing the going concern position. As detailed in note 2, the uncertainty surrounding the availability of funds to make a suitable acquisition and ongoing working capital costs indicates that there is a material uncertainty that exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Overview of our audit approach**

#### *Materiality*

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be £18,000, based on 5% of the profit for the year from continuing operations.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £900. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

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*Overview of the scope of our audit*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we focussed on where the directors made subjective judgements, for example in respect of estimating the recoverability of the amounts receivable.

The company was subject to a full scope audit.

*Key Audit Matters*

Except for the matter described in the Material uncertainty related to going concern, we have determined that there are no other key audit matters to communicate in our report.

**Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the Financial Statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of the directors for the financial statements**

As explained more fully in the directors' responsibilities statement set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**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

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with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Companies (Guernsey) Law 2008. 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.

John Glasby  
Senior Statutory Auditor  
For and on behalf of  
**Crowe U.K LLP**  
Statutory Auditor  
**London**  
**13 May 2020**

## Statement of Comprehensive Income

The statement of comprehensive income is set out below.

	<b>Note</b>	<b>Year ended 31 December 2019 £'000</b>	<b>Year ended 31 December 2018 £'000</b>
Administrative expenses		(170)	(217)
Impairment of New York Wheel	9	-	(2,302)
Forgiveness of a convertible loan note	10	-	672
Receipt of Star Sanctum monies		40	60
Foreign exchange movement on investment	9	-	98
<b>Operating profit / (loss)</b>		<b>(130)</b>	<b>(1,690)</b>
Release of liabilities against a share of the New York Wheel	9	1,269	-
Finance costs	11	(203)	(318)
<b>Profit / Loss before income taxes</b>		<b>936</b>	<b>(2,008)</b>
Income tax expense	15	-	-
Profit / Loss after taxation		936	(2,008)
Profit / Loss for the year		936	(2,008)
<b>Total comprehensive profit / loss attributable to owners of the parent</b>		<b>936</b>	<b>(2,008)</b>
Loss per share:			
Basic from continuing operations	16	0.003	(0.01)
Diluted from continuing operations	16	0.003	(0.01)

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**Statement of Financial Position**

The statement of financial position as at 31 December 2019 is set out below:

	Note	As at 31 December 2019 £'000	As at 31 December 2018 £'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	16	29
Trade and other receivables	8	6	14
Short-term investments	9	22	234
<b>Total current assets</b>		<b>44</b>	<b>277</b>
<b>Total assets</b>		<b>44</b>	<b>277</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital account	6	8,364	8,324
Equity component of convertible instruments		106	106
Retained earnings		(10,690)	(11,626)
<b>Total equity attributable to equity holders</b>		<b>(2,220)</b>	<b>(3,196)</b>
<b>Current liabilities</b>			
Borrowings	10	1,923	3,166
Trade and other payables	12	341	307
<b>Total current liabilities</b>		<b>2,264</b>	<b>3,473</b>
<b>Total equity and liabilities</b>		<b>44</b>	<b>277</b>

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**Statement of Changes in Equity**

The statement of changes in equity is set out below:

	Share Capital account £'000	Equity component of convertible instruments £'000	Retained earnings £'000	Total £'000
<b>As at 1 January 2018</b>	<b>7,579</b>	<b>601</b>	<b>(9,618)</b>	<b>(1,438)</b>
Loss for the year	-	-	(2,008)	(2,008)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>(2,008)</b>	<b>(2,008)</b>
<b>Transaction with owners</b>				
Issue of shares	745	-	-	745
Equity component convertible notes: Release on settlement of convertible loans	-	(495)	-	(495)
<b>Total</b>	<b>745</b>	<b>(495)</b>	<b>-</b>	<b>250</b>
<b>As at 31 December 2018</b>	<b>8,324</b>	<b>106</b>	<b>(11,626)</b>	<b>(3,196)</b>

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	Share Capital account £'000	Equity component of convertible instruments £'000	Retained earnings £'000	Total £'000
<b>As at 1 January 2019</b>	<b>8,324</b>	<b>106</b>	<b>(11,626)</b>	<b>(3,196)</b>
Profit for the year	-	-	936	936
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>936</b>	<b>936</b>
<b>Transaction with owners</b>				
Issue of shares	40	-	-	40
Equity component convertible notes: Release on settlement of convertible loans	-	-	-	-
<b>Total</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>40</b>
<b>As at 31 December 2019</b>	<b>8,364</b>	<b>106</b>	<b>(10,690)</b>	<b>(2,220)</b>

Share capital comprises the Ordinary Shares issued by the Company.

Retained earnings represent the aggregate retained losses of the Company since incorporation.

Equity component of convertible instruments represents the equity element of instruments with a convertible element.

## Statement of Cash Flows

The cash flow statement is set out below:

	<b>Year ended 31 December 2019 £'000</b>	<b>Year ended 31 December 2018 £'000</b>
<b>Cash flow from operating activities</b>		
Loss for the period before taxation	936	(2,008)
Fair value adjustments	-	2,303
Non-cash profit convertible deal	-	(672)
Non-cash profit Starneth agreement w/o interest	(1,269)	-
Share option charge	-	-
Net unrealised FX effect	25	(134)
Interest	194	322
<b>Operating cash flows before movements in working capital</b>	<b>(114)</b>	<b>(189)</b>
Decrease in receivables	8	-
Decrease in accounts payable and accrued liabilities	(160)	(21)
<b>Net cash used in operating activities</b>	<b>(266)</b>	<b>(210)</b>
Investment	-	(220)
Payback from investments	213	-
<b>Net cash outflow from investing activities</b>	<b>213</b>	<b>(220)</b>
Issue of convertible instruments net of issue costs	-	380
Issue of share capital	40	-
<b>Net cash inflow from financing activities</b>	<b>40</b>	<b>380</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(13)</b>	<b>(50)</b>
Cash and cash equivalent at beginning of period	29	79
<b>Cash and cash equivalent at end of period</b>	<b>16</b>	<b>29</b>

There were significant non-cash transactions being the issue of share capital to settle convertible debt and interest. These are detailed on pages 7 and 8.

## **Notes to the financial statements**

### **1. GENERAL INFORMATION**

The Company was incorporated under section II of the Companies (Guernsey) Law 2008 on 24 November 2014, it is limited by shares and has registration number 59383.

The Company had an investment of US\$3m in New York Wheel Investor LLC, a company that was set up to fund the equity component for the project to build a New York Wheel which includes an approximate 630 foot high observation wheel with 36 capsules, a 68,000 square foot terminal and retail building, and a 950 space parking garage. This investment was fully impaired as a result of the termination of the project and litigation between New York Wheel Investor LLC and one of the primary contractors. One share with a nominal value of US\$1m was given to the former Starneth owners to pay the debt resulting from the second tranche of the purchase contract. The Company entered into an investment into the Dallas Wheel project. This investment was largely recovered during 2019 and the remaining amount should be paid back in the first half of 2020.

The Company's registered office is located at PO Box 186, Royal Chambers, St Julian's Avenue, St. Peter Port, Guernsey GY1 4HP, Channel Islands.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of preparation**

The financial statements of Challenger Acquisitions Limited for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS's as adopted by the EU), issued by the International Accounting Standards Board (IASB), including interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) applicable to the companies reporting under IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The financial information has been presented in British Pound (£), being the functional currency of the Company.

### **Going concern**

At 31 December 2019 the company had net current liabilities of £2,220k. The financial statements have been prepared on the assumption that the Company will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. In assessing whether the going concern assumption is appropriate, the Directors take into account all available information for the foreseeable future, in particular for the twelve months from the date of approval of the financial information.

Based on the continued implementation of cost control measures, the significant reduction in creditor debt, the elimination of the contingent obligation to the owners of the former Starneth business and an executed release, the continued support from the primary convertible note holder, the final receipt of funds from the Dallas wheel project, and advanced discussions with two potential projects, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The primary note holder is supportive of the Company and there are no material external creditors. In order to support a new acquisition, the fund raising options may include a substantial equity offering or a new financing facility. The fund raising options are early stage and there is a material uncertainty as to whether additional funding will be received and therefore regarding the going concern basis of preparation. The financial statements do not include any adjustments that would be required if the going concern basis was not appropriate.

The Directors' objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. At the date of this financial information, the Company had been financed from equity and convertible notes. In the future, the capital structure of the Company is expected to consist of convertible notes and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

### **New standards, interpretations and amendments effective from 1 January 2019**

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2019 that had a significant effect on the company's financial statements.

### **Standards and interpretations issued but not yet applied**

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU.

The directors do not expect that any of these standards and interpretations will have a material impact on the financial statements of the company.

### **Segment Reporting**

For the purpose of IFRS 8, the Chief Operating Decision Maker "CODM" takes the form of the board of directors. The Directors are of the opinion that after the sale of the Starneth entities the business of the Company comprised a single activity, being the identification and acquisition of target companies or businesses in the entertainment sector.

### **Foreign Currency Translation**

#### Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in British Pounds (GBP), which is Challenger Acquisitions functional and presentation currency.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Foreign exchange gains and losses are presented in the statement of profit or loss, within finance income or finance costs.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

### **Fair value of assets**

Assets are tested for fair value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A reduction in fair value is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing fair value, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered a significant reduction in fair value are reviewed for possible reversal of the significant reduction in fair value at the end of each reporting period.

### **Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### **Investments and other financial assets**

#### Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

#### Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

The Company's investments in corporate debt securities which are held within a business model whose objective is achieved both by collecting contractual cash flows and by selling securities are classified as held at fair value through profit or loss (FVTPL).

Investments in equity securities have been classified as measured at FVTPL.

Interest income from financial assets at fair value through profit or loss is included in the net gains/(losses). Interest on financial assets held at amortised cost, calculated using the effective

interest method is recognised in the statement of profit or loss as part of revenue from continuing operations.

#### Impairment of financial assets

Financial assets are assessed for indicators of decline in fair value at the end of the reporting period. The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

#### Income recognition

##### Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

##### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

##### **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of

transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

### **Employee benefits**

#### Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### Share based payments

##### Employee options

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (eg the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (eg profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (eg the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market

vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Social security contributions payable in connection with an option grant are considered an integral part of the grant itself and the charges are treated as cash-settled transactions.

The options are administered by Challenger Acquisitions Limited. When the options are exercised, Challenger Acquisitions Limited transfers the appropriate amount of shares to the employee. The proceeds received net of any directly attributable transaction costs are credited directly to equity.

#### **Contributed equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity under share capital as a deduction, net of tax, from the proceeds.

#### **Earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### **3. CRITICAL ESTIMATES, JUDGEMENTS AND ERRORS**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included together with information about the basis of calculation for each

affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

**Significant estimates and judgements**

The areas involving significant estimates or judgements are:

- **Going concern**  
See accounting policies (note 2) for details of the assessment made.
- **Fair value of the Investments**  
The equity units in New York Wheel Investor LLC are not quoted. Based on the developments of the New York Wheel, mainly in regards to the full stop of the construction works and the communication in regard to the failure to secure additional funds, the Directors do not believe that the project will be completed. Hence the directors took the decision to fully impair the asset.

The loan given to the Dallas Wheel project has been almost fully paid back until the balance sheet date. From the initial 300k USD outstanding there were 25k USD outstanding at the end of 2019. Although the project is suffering liquidity shortfalls at the moment, the directors believe that the remaining 25k USD will be collected over the course of 2020.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

**4. FINANCIAL RISK MANAGEMENT**

This note explains the Company’s exposure to financial risks and how these risks could affect the Company’s future financial performance. Current year profit and loss information has been included where relevant to add further context.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
Market risk – foreign exchange	Future commercial cash flows not denominated in GBP Recognised financial assets and liabilities not denominated in GBP	Cash flow forecasting Sensitivity analysis	No hedging  No hedging
Credit risk	Cash and cash equivalents, receivables, other	Aging analysis Credit ratings	Diversification of bank deposits. Follow-ups to loan investment
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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**Foreign exchange risk**

The Company is especially focused on the currency pairs USD/GBP. The Company's only active investment is denominated in USD.

The company's exposure to foreign currency risk at the end of the reporting period, expressed in £'000 was as follows:

Currency	Assets in CCY	Assets in GBP	10% change	Liabilities in CCY	Liabilities in GBP	10% change
USD	27	23	(2)	-	-	-
EUR	1	1	-	-	-	-
CHF	-	-	-	-	-	-

The company's exposure to foreign currency risk at the end of the prior period, expressed in £'000 was as follows:

Currency	Assets in CCY	Assets in GBP	10% change	Liabilities in CCY	Liabilities in GBP	10% change
USD	328	257	(26)	-	-	-
EUR	1	1	-	1,404	1,256	126
CHF	1	-	-	1	1	-

During the year, £6k foreign-exchange related losses were recognised in profit or loss.

As described above the company is primarily exposed to changes in the USD/GBP exchange rate. The sensitivity of profit or loss to changes in the exchange rates as summarized in the above table arises mainly from the company's USD denominated asset.

**Interest rate risk**

The company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**Credit risk**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. To limit the risk the company's main cash resources are held with banks with a minimum external rating of A.

**Liquidity Risk**

The Company currently holds cash balances to provide funding for normal trading activity. Trade and other payables are monitored as part of normal management routine.

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As at 31 December 2019 all financial assets were classified at fair value. A maturity analysis of the Company's financial assets is as follows:

	<b>As at 31 December 2019 £'000</b>	<b>As at 31 December 2018 £'000</b>
0 to 3 months	22	160
3 to 6 months	22	117
6 months +	-	-
<b>Total</b>	<b>44</b>	<b>277</b>

As at 31 December 2019 all financial liabilities were classified at amortised cost. A maturity analysis of the Company's financial liabilities based on contractual undiscounted payments is as follows:

	<b>As at 31 December 2019 £'000</b>	<b>As at 31 December 2018 £'000</b>
0 to 3 months	2,264	1,405
3 to 6 months	-	2,068
6 months +	-	-
<b>Total</b>	<b>2,264</b>	<b>3,473</b>

## **5. BUSINESS SEGMENTS**

For the purpose of IFRS8, the Chief Operating Decision Maker "CODM" takes the form of the board of Directors. The Directors are of the opinion that after the sale of the Starneth entities the business of the Company comprised a single activity, being the identification and acquisition of target companies or businesses in the entertainment sector.

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**6. SHARE CAPITAL**

<b>Issued and fully paid</b>	<b>Number of shares</b>	<b>Share capital account £'000</b>
At 31 December 2018	<u>269,001,572</u>	<u>8,324</u>
Issue of shares	<u>27,000,000</u>	<u>40</u>
At 31 December 2019	<u>296,001,572</u>	<u>8,364</u>

During the year the company issued 27,000,000 shares in a capital increase raising £40,500. The share capital account represents the number of shares in the issue at the fair value of the consideration received net of any discounts and share issue expenses.

**7. CASH AND CASH EQUIVALENTS**

	<b>2019 £'000</b>	<b>2018 £'000</b>
Cash at bank and in hand	<u>16</u>	<u>29</u>
Total cash and cash equivalents	16	29

**8. TRADE AND OTHER RECEIVABLES**

	<b>2019 £'000</b>	<b>2018 £'000</b>
Prepayments	<u>6</u>	<u>14</u>
Total trade and other receivables	6	14

The Company provided a £100k loan to a KTEG Limited in relation to Star Sanctum event set to launch and operate film-focused conventions. As the probability to receive back the full amount of the loan decreased significantly, the whole amount including accrued interest has been impaired in 2017. In 2018 the Company received a total of £60K as repayment. In the period under review, the Company has received the remaining £40k. The loan is completely paid back at the end of 2019.

**9. INVESTMENTS**

<b>Fair value</b>	<b>Short-term Investments £'000</b>
At 31 December 2017	-
Investment in Dallas Wheel project	220
Foreign exchange movement in Dallas Wheel	14
At 31 December 2018	<u>234</u>
Repayments Dallas Wheel	<u>(212)</u>
At 31 December 2019	<u>22</u>

The company holds investments in the New York Wheel Investor LLC, which is fully written off and the Dallas Wheel Project, which is shown under short-term investments.

In the previous year the Company invested USD 300k into the Dallas Wheel project. This financing was in the form of a convertible loan. On 31 December 2018 the Company signed a contract to change the repayment terms for its investment in the Dallas wheel. The Company received in 2019 USD 275k and should receive the outstanding USD 25k plus interest within the first six months of 2020. As the majority has already been paid back, the Directors do not see any indications that the small remaining amount should be impaired. The fair value of the Dallas wheel investment was £22k as at yearend.

The equity units in New York Wheel Investor LLC are not quoted, in the prior year the Directors had regard to recent transactions in equity units of the New York Wheel and therefore assessed the value as a level 3 valuation. As the project has been stopped and the probability of the project restarting is very low, the investment in the New York Wheel was written off in full.

One unit of the New York Wheel investment was held as security over the second part of the deferred cash consideration of EUR 1.25 million. It was agreed in March 2019, to transfer one previously pledged equity unit in the New York Wheel to the principal of Starneth in exchange for a complete release of all claims between the companies. This has taken place as communicated. As the equity unit of the New York Wheel was already impaired to a value of £0, the release of the second part of the deferred cash consideration including accrued interest resulted in a gain of £ 1,269k.

A further unit of the New York Wheel investment is held as security over the 29 January 2016 convertible loan.

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**10. Borrowings**

<b>Current</b>	2019 £'000	2018 £'000
Convertible notes	1,923	1,910
Deferred cash consideration	-	1,256
	1,923	3,166

	Note 1 £'000	Note 2 £'000	Note 3 £'000	Note 4 £'000	Total £'000
Balance at 31 December 2017 (liability)	675	-	974	509	2,158
Balance at 31 December 2017 (equity)	-	500	106	-	606
Finance charge	-	4	104	95	203
Forgiveness / repurchase	(580)	-	-	-	(580)
Issued for cash	-	-	-	380	380
Transaction Cost	-	-	-	20	20
Issued in lieu of interest	-	-	81	-	81
Converted into shares	(95)	(500)	-	(75)	(670)
Interest paid in shares	-	(29)	-	(3)	(32)
Interest paid in cash	-	-	-	-	-
(Increase)/decrease in accrued interest	-	25	(70)	(105)	(150)
Balance at 31 December 2018 (liability)	-	-	1,089	821	1,910
Balance at 31 December 2018 (equity)	-	-	106	-	106
Finance charge	-	-	102	79	181
(Increase)/decrease in accrued interest	-	-	(101)	(66)	(167)
Balance at 31 December 2019 (liability)	-	-	1,090	833	1,923
Balance at 31 December 2019 (equity)	-	-	106	-	106

**Note 1**

The notes are unlisted, unsecured, transferable and convertible with a twelve month maturity date which was extended to 6 May 2018. Interest was accrued at 12% per annum and payable quarterly, or upon conversion, in cash or in Ordinary Shares at the Company's discretion. The notes can be converted into Ordinary Shares at a price per Ordinary Share equal to the lower of £0.50 and 7.5% discount to the prevailing market price, defined as the average of the lowest three volume weighted average prices as quoted by Bloomberg for the period of 10 trading days prior to the conversion date. The convertible note has been recognised as a liability in accordance with IFRS 9 Financial Instruments as the instrument provides an obligation to the company to either settle the liability via a cash payment or via the issue of a variable number of shares. The conversion feature represents an embedded derivative, however this has not been separately recognised as the conversion feature is considered to be closely related to the host

contract. As a result of signing a settlement agreement with the note holder, the outstanding note 1 loan amount was waived off to the income statement as at 31 December 2018.

**Note 2**

On 2 March 2016 the Company issued convertible notes worth £0.5 million. The notes are unlisted, secured, transferable and convertible. Maturity date was 2 March 2018. The Company can redeem the notes in cash or shares at \$0.25 at Maturity at the Company's discretion. The Secured Convertible Notes are secured by one common unit of New York Wheel Investor LLC, representing a total value of US\$1 million. Interest was accrued at 5% per annum and payable quarterly or at Maturity at the Company's discretion. The interest can be paid in cash or shares, at the average of the 10 day closing price prior to the end of each calendar quarter, at the Company's discretion. The Company can redeem the notes at a 25% premium anytime in cash. The Company repaid the accrued interest and the principal in shares, on this basis the full £0.5 million net of the £0.025 million transaction fees has been recognised in equity.

**Note 3**

On 29 January 2016, the Company issued further £1 million of secured convertible notes. The notes are unlisted, secured, transferable and convertible. Maturity date is 30 June 2019. The Secured Convertible Notes are secured by one common unit of New York Wheel Investor LLC, representing a total value US\$1 million. Interest is accrued at 8% per annum and payable quarterly. One eighth of the interest can be settled in cash or shares at the Company's discretion. Seven eighths of the interest is settled in new convertible notes with the same terms. The notes are convertible in cash or shares at the option of the holder and can be converted into Ordinary Shares at a fixed conversion price of £0.80 per Ordinary Share. The Company can redeem the notes at a 10% premium anytime. As per the nature of this convertible instrument, £106k has been recognised as an equity component in of convertible instruments in statement of changes of equity, using a discount rate of 12%. Despite reaching maturity, this note is still outstanding and continues to accrue interest in accordance with the interest terms stated.

**Note 4**

The last tranche of £400,000 of the £1 million funding facility announced by the Company on 13 June 2017, has been drawn on 18 January 2018 and subsequently the Company has issued convertible note for £400,000. The notes are unlisted, unsecured, transferable and convertible. Maturity date is 8 June 2019. No conversions can happen in the first 120 days. The maximum amount that can be converted in any 30 day period is 20% of the principle amount. The conversion price is the lowest volume weighted average price over 10 days prior to the conversion. Interest rate is 8% per annum and payable upon conversion at the Company's option in cash or ordinary shares at the conversion price. The Company can redeem in cash all or any part of the outstanding convertible note with a 25% premium to the principal amount. Despite reaching maturity this note is still outstanding and continues to accrue interest in accordance with the interest terms stated.

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**11. FINANCE INCOME AND COSTS**

	2019	2018
	£'000	£'000
Interest Income	(7)	(21)
Bank charges	10	7
Interest on convertible loan notes	194	203
Interest on deferred consideration and other interest payables	-	119
Net foreign exchange costs	6	10
<b>Finance costs</b>	<b>203</b>	<b>318</b>

**12. TRADE AND OTHER PAYABLES**

	2019	2018
	£'000	£'000
Trade payables	15	149
Accrued expenses	326	158
<b>Total trade and other payables</b>	<b>341</b>	<b>307</b>

**13. EMPLOYEE BENEFIT EXPENSE**

	2019	2018
	£'000	£'000
Wages and salaries	33	30
Share options granted to directors, employees and key advisers	-	-
	33	30

**14. DIRECTORS' EMOLUMENTS**

The Directors were paid emoluments of £33k as directors' fees during the period under review (£30k in 2018). Of the £33k, £10k were the director's fees for Mark Gustafson. Mr. Gustafson billed an additional £12k (2018: £12k) as management fees, booked under administrative expenses. At 31 December 2019 a total amount of £11k (2018: £84k) was unpaid and due to Mr. Gustafson for management services and director fees. The total compensation for Mr. Gustafson in the year under review was £22k (2018: £22k).

These details and the details for the other Directors can be found within the Director's remuneration report on page 20.

The Directors were the key management personnel of the Company.

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**15. TAXATION**

Challenger Acquisitions Limited is a Guernsey Corporation subject to a corporate tax rate of nil, as at 31 December 2019. There are no unrecognised tax losses.

**16. EARNINGS PER SHARE**

The calculation for earnings per share (basic and diluted) for the relevant period is based on the profit / loss after income tax attributable to equity holder for the period ending 31 December 2019 and is as follows:

**31 December 2019**

Profit from continued operations attributable to equity holders (£)	936,000
Weighted average number of shares	<u>276,250,887</u>
Profit per share basic (£)	<u>0.003</u>
Weighted average number of shares for dilutive calculation	276,250,887
Profit per share diluted (£)	<u>0.003</u>

**31 December 2018**

Loss from continued operations attributable to equity holders (£)	<u>(2,008,000)</u>
Weighted average number of shares	<u>229,604,791</u>
Loss per share basic (£)	<u>(0.01)</u>
Weighted average number of shares for dilutive calculation	229,604,791
Loss per share diluted (£)	<u>(0.01)</u>

Basic earnings per share is calculated by dividing the loss after tax attributable to the equity holders of the company by the weighted average number of shares in issue during the year.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares namely the conversion of the convertible loan note in issue. The effect of these potential dilutive shares would be anti-dilutive and therefore are not included in the above calculation of diluted earnings per share.

**17. RELATED PARTY TRANSACTIONS**

There were no related party transactions except for the transactions disclosed in Note 14 to the accounts.

**18. COMMITMENTS**

The Company had not entered into any material commitments as at 31 December 2019.

**19. SHARE BASED PAYMENTS**

On 29 July 2015, options to acquire 615,000 Ordinary Shares (“Options 2015”) were granted to employees and consultants. On 8 September 2015, options to acquire 730,000 Ordinary Shares (“Options 2015”) were granted to the directors of the company. These Options 2015 have a fixed exercise price of 40 pence, and are exercisable in the following tranches; 25% as from the date of grant and 25% every twelve months thereafter (and are therefore fully vested after three years). They cannot be exercised after the 5th anniversary of the grant. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

On 7 January 2016, options to acquire 160,000 Ordinary Shares (“Options 2016”) were granted to consultants. These options have a fixed exercise price of 45 pence, and are exercisable in the following tranches:

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows: 25% as from the date of grant and 25% every twelve months thereafter (and are therefore fully vested after three years). They cannot be exercised after the 5th anniversary of the grant. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

	2019		2018	
	Average exercise price in £ per share option	Options (thousands)	Average exercise price in £ per share option	Options (thousands)
Beginning of period	0.41	1,093	0.41	1,093
Granted	0.00	-	0.00	-
Forfeited	0.00	-	0.41	-
Exercised	0.00	-	0.00	-
Expired	0.00	-	0.00	-
End of period	0.41	1,093	0.41	1,093

Out of the outstanding 1,092,500 (2018: 1,092,500) share options 1,092,500 (2018: 932,500)

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were exercisable. No options were exercised in 2018 and 2019.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

<b>Grant-vest</b>	<b>Expiry date</b>	<b>Exercise price in £</b>	<b>Share options (thousands)</b>
			<b>2019</b>
2015-01	2020-07	0.40	303
2015-02	2020-09	0.40	630
2016-01	2021-01	0.45	160
			<u>1,093</u>

The weighted average fair value of the Options 2015 determined using the Black-Scholes valuation model was 1.4 pence per option. The significant inputs to the model were share price of 38 pence at the grant date, exercise price of £0.40, volatility of 14%, dividend yield of 0% an expected option life (to expiry) of 5 years with 25% vesting each year and an annual risk free interest rate of 0.5%. The volatility measured at the standard deviation of continuously compounded share returns is based on the statistical analysis of daily share prices from listing of the Company until the grant date.

The weighted average fair value of the Options 2016 determined using the Black-Scholes valuation model was 2.49 pence per option. The significant inputs to the model were share price of 37.5 pence at the grant date, exercise price of £0.45, volatility of 14%, dividend yield of 0% an expected option life (to expiry) of 5 years with 25% vesting each year and an annual risk free interest rate of 0.5%. The volatility measured at the standard deviation of continuously compounded share returns is based on the statistical analysis of daily share prices from listing of the company until the grant date.

## **20. SUBSEQUENT EVENTS**

In January 2020 the Company executed the conversion of a tranche of Note 4 as communicated on 24 December 2019. In this conversion the Company allotted 19,535,676 new ordinary shares for the conversion of £25k plus accumulated interest.

## **21. ULTIMATE CONTROLLING PARTY**

As at 31 December 2019, no one entity owns greater than 50% of the issued share capital. Therefore the Company does not have an ultimate controlling party.