London Asia Capital plc

Annual report 30 June 2022

Contents

London Asia Capital plc

Strategic Report

Principal activity
The principal activity of the Group is that of an investment group focusing on China and other Asian markets.

The emphasis of the Group has been to maximise shareholder value by realising assets, resolving disputes where possible and find a way of maximising the value of our investment in Zhongying Changjiang International New Energy Investment Co., Ltd ("Zhongying").

Developments in the period and for the future
As previously stated, the future of the business of the Group will be materially affected by the outcome of the Zhongying proposed sale. Further information regarding this matter is continually awaited from our colleagues in Wuhan, China.

Trading performance
Loss before tax for the period is reported at £1.1 million (2021: £0.6 million profit). Basic earnings per share were 0.19 pence loss (2021: 0.10 pence profit).

Analysis of reported revenue and other income

	Jun 22	Jun 21
	£'000	£'000
Interest	-	-
Total income	-	-

Financial position
Our statement of financial position shows an increase in net assets, which are currently £18.0 million (2021: £19.1 million). This is equal to 3.1 pence per share (2021: 3.3 pence per share). The table below provides an analysis of the Group's net asset position. Cash and cash equivalents comprise £0.02 million (2021: £0.05 million) which represents 0.1% (2021: 0.3%) of our stated net asset.

Analysis of the Group's net asset position

	Jun 2022	Jun 2021
	£'000	£'000
Property, plant and equipment	-	1
Unlisted investments	18,020	17,340
Cash	20	51
Other net trading balances	(77)	1,710
	17,963	**19,102**

Key performance indicators

The Board examines a number of Key Performance Indicators in evaluating the performance of the business. The most important of these are:

	Jun 2022	Jun 2021
Net asset (decrease)/ increase	(6%)	3%
Cash decrease	(61%)	(25%)

Strategic Report (continued)

Risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance and could cause actual results to differ materially from expected and historic results. The Board monitors risks on an on-going basis and implements appropriate procedures and processes to try and mitigate the adverse consequences of such risks.

The business faces three principal risks:-

- the volatility of international markets, particularly in the Far East;
- the exposure to international currency fluctuations; and
- the uncertainty surrounding investments in China.

Going concern

The Directors will continue to monitor the liquidity requirements of the Company and to take such action as may be appropriate so that the Company continues to operate effectively for the foreseeable future.

This statutory strategic report was approved by the board of directors and was signed on their behalf by:

Paul Bobroff
Managing Director
21 December 2022

Report of the Directors

The directors present their annual report and the audited consolidated financial statements for the year ended 30 June 2022.

Please refer to the Strategic Report on pages 2 to 3 for the activities and likely future developments of the Company and a discussion of the risks and uncertainties.

Results and dividends

The Group recorded a loss after tax of £1.1 million (2021: £0.6m profit).

The Directors do not recommend the payment of a dividend for the year ended 30 June 2022 (2021: £nil).

Directors

The following directors have held office during the year:

David Buchler
Paul Bobroff

Brief biographies of each of the Directors appear on page 10.

Substantial shareholdings

At 30 June 2022 the following interests exceed a 3% interest in the issued share capital of the Company. See table below.

Name of holder	Number of shares	% of issued share capital
Richpoint Group Overseas Limited	391,281,306	66.63
David Buchler	35,232,824	6.00
Clermont Trust (Switzerland) SA	29,985,479	5.11
Paul Bobroff	17,616,412	3.00

Directors' confirmation

Each of the persons who are directors at the date of the approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

London Asia Capital plc

Report of the Directors (continued)

The directors' report was approved by the board of directors and was signed on their behalf by:

Paul Bobroff
Managing Director
21 December 2022

Company Number: 03784771

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with IFRS as adopted by the European Union and applicable law. The financial statements must, in accordance with IFRS as adopted by the European Union, present fairly the financial position and performance of the company; such references in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving a fair presentation. Under company law directors must not approve the financial statements unless they are satisfied that they give a true and fair view.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent Auditors' Report to the Members of London Asia Capital plc

Disclaimer of opinion

We have audited the financial statements of London Asia Capital plc ("the parent company") and its subsidiaries ("the group") for the year ended 30 June 2022 which comprise: the consolidated statement of financial performance; the consolidated statement of comprehensive loss; the consolidated and company statements of financial position; the consolidated and company statements of cash flows; the consolidated and company statements of changes in equity; 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 and, for the parent company's financial statements, as applied in accordance with the provisions of the Companies Act 2006.

We do not express an opinion on the accompanying financial statements of the group and the company. Because of the significance of the matters described in the following paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

The directors' valuation of the group's and parent company's unlisted investment, as set out in note 14 to the financial statements, is based on financial information provided by the investee company several years ago which is now out of date. We have not been able to obtain sufficient appropriate audit evidence to provide reasonable assurance about the valuation of this material investment and therefore we cannot express an opinion on the financial statements.

Opinions on other matters prescribed by the Companies Act 2006

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion as to whether, based on the work undertaken in the course of the audit:

• the information given in the strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and

• the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Notwithstanding our disclaimer of an opinion on the financial statements, in light of the knowledge and understanding of the group and the parent company and its environment which we obtained in the course of the audit, performed subject to the pervasive limitations described above, we have not identified material misstatements in the strategic report or the report of the directors.

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.

Independent Auditors' Report to the Members of London Asia Capital plc (continued)

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 6, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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 responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditors' report. However, because of the matters described above, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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 FRS's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, because fraud may involve deliberate concealment. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with those charged with the management and governance of the company.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the company, and determined that the most significant is ordinary commercial law. We considered how the company complies with this framework by reviewing the company's procedures and controls, the awareness and efficacy of those charged with governance, the culture of honesty and ethical behaviour, and the extent to which emphasis is placed on fraud prevention, deterrence and detection. We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by making enquiries of management and evaluating the adequacy of the company's system of internal controls. We considered that there was no known history of fraud, error, non-compliance or unusual transactions. We also considered potential risk factors, including pressures on management, the extent of judgment in determining account balances, and the susceptibility of assets to loss or misappropriation.

The Senior Statutory Auditor reviewed the experience and expertise of the audit engagement team to ensure that they collectively had the appropriate competence and capabilities to identify non-compliance with the relevant laws and regulations.

Independent Auditors' Report to the Members of London Asia Capital plc (continued)

We identified that the valuation of offshore investments and the debt due from the London Asia Capital plc Employee Benefit Trust were potential risks. Based on this understanding, we designed our audit procedures to detect irregularities including fraud. Our procedures included:

- analytical review to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- testing the appropriateness of journal entries and other adjustments to the nominal ledger;
- reviewing agreements and contracts;
- enquiring into the status of the relationship between the group and third parties;
- obtaining an understanding of the assumptions made by management for valuations;
- reviewing the calculations prepared for valuations;
- enquiring into the recoverability of outstanding debts;
- assessing whether judgments made by accounting staff or management were indicative of potential bias.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Defries Weiss

Warren Weiss LLB, MSc, MA, FCA *(Senior Statutory Auditor)*

For and on behalf of Defries Weiss (Accountants) Limited

Statutory Auditor

Central House
1 Ballards Lane
London
N3 1LQ

Dated 21 December 2022

Directors' Background, Directors and Advisers

David Buchler – aged 70
David is a Chartered Accountant and has some 36 years of experience in the field of corporate turnaround. He was a partner at Arthur Andersen prior to becoming a founding partner of Buchler Phillips, the UK's leading financial recovery and restructuring specialist, which was acquired by the Kroll Inc. Company in 1999, the world's leading risk mitigation firm. Until 2003, he was Chairman of Kroll for Europe and Africa. He is a former President of R3, the association of business recovery and turnaround professionals, as well as a member of the Institute for Turnaround, Treasurer of INSOL International, Trustee of Syracuse University and until 2006, Vice-Chairman of Tottenham Hotspur Football Club. He has been a Director of a number of public companies and is currently a Director of the English National Opera.

Paul Bobroff – aged 71
Paul has over 30 years' experience of managing businesses. He was Managing Director of Markheath PLC for 20 years having founded the company and then taking it public where it specialised in property and corporate investment. He was also Chairman of Tottenham Hotspur PLC for 7 years during which time the Club became the first football club to float on the Stock Exchange.

He has been Managing Director of a diversified investment group for many years and since 2013 has been an integral member of the management of London Asia Capital PLC with particular involvement in the realisation of assets and the recovery of funds.

Directors
David Buchler (Executive Chairman)
Paul Bobroff (Managing Director)

Company Registration Number
03784771

Secretary and Registered Office
David Fordham
6 Grosvenor Street
London W1K 4PZ

Registrars
London Asia Capital plc
6 Grosvenor Street
London W1K 4PZ

Auditors
Defries Weiss (Accountants) Limited
Central House, 1 Ballards Lane
London N3 1LQ

Principal Bankers
HSBC Bank
Poultry & Princes Street Branch
27-32 Poultry
London EC2P 2BX

London Asia Capital plc

Consolidated Statements of Financial Performance for the Year Ended 30 June 2022

	Note	Jun 22 £'000	Jun 21 £'000
Revenue	3	-	-
Administrative expenses		(64)	(186)
Professional fees		(31)	(33)
Operating loss		**(95)**	**(219)**
Unrealised gain on revaluation of investments		680	680
Exceptional expense	6	(1,777)	51
Government grant income		4	-
Foreign exchange gains/(losses)		2	(2)
Other interest payable		(2)	-
Other operating income		49	56
Loss before taxation	5	**(1,139)**	**566**
Taxation	7	-	-
(Loss)/profit for the period		**(1,139)**	**566**
Attributable to:			
Equity holders of the parent		(1,141)	596
Non-controlling interest		2	(30)
		(1,139)	**566**
Earnings per share	11	**Pence**	**Pence**
Basic		(0.19)	0.10
Diluted		(0.19)	0.10

All amounts are from continuing operations.

Consolidated Statement of Comprehensive Income/(Loss)

	Jun 22 £'000	Jun 21 £'000
Loss for the period	(1,139)	566
Those that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	-	-
Total comprehensive loss for period attributable to shareholders	**(1,139)**	**566**
Attributable to:		
Equity holders of the parent	(1,141)	596
Non-controlling interest	2	(30)
	(1,139)	**566**

The notes on pages 15 to 29 form an integral part of these financial statements.

London Asia Capital plc

Consolidated and Company Statements of Financial Position
as at 30 June 2022

	Note	Jun 2022 £'000 Group	Jun 2021 £'000 Group	Jun 2022 £'000 Company	Jun 2021 £'000 Company
ASSETS					
Non-current assets					
Property, plant and equipment	12	–	1	–	1
Investment in subsidiaries	13	–	–	1	84
Investments	14	18,020	17,340	18,020	17,340
		18,020	**17,341**	**18,021**	**17,425**
Current assets					
Trade and other receivables	15	10	1,782	10	1,828
Cash and cash equivalents		20	51	20	51
		30	**1,833**	**30**	**1,879**
Total assets		**18,050**	**19,174**	**18,321**	**19,304**
LIABILITIES					
Current liabilities					
Trade and other payables	16	(87)	(72)	(3,354)	(3,402)
Total liabilities		**(87)**	**(72)**	**(3,354)**	**(3,402)**
Net Assets		**17,963**	**19,102**	**14,697**	**15,902**
EQUITY					
Share capital	17	18,630	18,630	18,630	18,630
Share premium account	17	21,330	21,330	21,330	21,330
Capital redemption reserve	17	10,828	10,828	10,828	10,828
Translation reserve	18	831	831	–	–
Retained loss	19	(33,738)	(32,597)	(36,091)	(34,886)
Equity attributable to equity holders of the parent		**17,881**	**19,022**	**14,697**	**15,902**
Non-controlling interest	21	**82**	**80**	–	–
Total Equity		**17,963**	**19,102**	**14,697**	**15,902**

The financial statements were approved by the Board and authorised for issue on 21 December 2022.

Paul Bobroff
Director
Company Number: 03784771

The notes on pages 15 to 29 form an integral part of these financial statements.

London Asia Capital plc

Consolidated and Company Statements of Cash Flows as at 30 June 2022

	Note	Group Jun 2022 £'000	Group Jun 2021 £'000	Company Jun 2022 £'000	Company Jun 2021 £'000
Net cash used in operating activities	24	(31)	(17)	(31)	(17)
Investing activities					
Purchase of property, plant and equipment		-	-	-	-
Net cash used in investing activities		(31)	(17)	(31)	(17)
Net decrease in cash and cash equivalents		(31)	(17)	(31)	(17)
Cash and cash equivalents at beginning of period		51	68	51	68
Cash and cash equivalents at end of period		20	51	20	51

The notes on pages 15 to 29 form an integral part of these financial statements.

London Asia Capital plc

Consolidated Statement of Changes in Equity as at 30 June 2022

	Share Capital £'000	Capital Redemption Reserve £'000	Share Premium Account £'000	Translation Reserve £'000	Retained Earnings £'000	Total Equity Attributable to Equity Holders of the Parent £'000	Non-Controlling Interest £'000	Total Equity £'000
Balance at 1 July 2020	18,630	10,828	21,330	831	(33,193)	18,426	111	18,537
Total comprehensive income for the year	–	–	–	–	596	596	(30)	566
Balance at 30 June 2021	**18,630**	**10,828**	**21,330**	**831**	**(32,597)**	**19,022**	**80**	**19,102**
Total comprehensive loss for the year	–	–	–	–	(1,141)	(1,141)	2	(1,139)
Balance at 30 June 2022	**18,630**	**10,828**	**21,330**	**831**	**(33,738)**	**17,881**	**82**	**17,963**

Company Statement of Changes in Equity as at 30 June 2022

	Share Capital £'000	Capital Redemption Reserve £'000	Share Premium Account £'000	Retained Earnings £'000	Total £'000
Balance at 1 July 2020	18,630	10,828	21,330	(35,816)	15,272
Total comprehensive Income for the year	–	–	–	630	630
Balance at 30 June 2021	**18,630**	**10,828**	**21,330**	**(34,886)**	**15,902**
Total comprehensive loss for the year	–	–	–	(1,205)	(1,205)
Balance at 30 June 2022	**18,630**	**10,828**	**21,330**	**(36,091)**	**14,697**

The notes on pages 15 to 29 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 30 June 2022

Note 1 General information

London Asia Capital plc is a public company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 9. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 2 to 3. These financial statements are presented in pounds sterling, rounded to the nearest thousand.

New interpretations and revised standards effective for the year ended 30 June 2022

On 1 July 2021, the Group adopted the amendment to IFRS 16 for rent concessions arising from Covid-19 (effective from 1 June 2020 extending by one year). The adoption of this amendment to IFRS 16 has no impact on the accounting of any operating leases by the Group in the year ended 30 June 2022 or any comparatives.

Standards and interpretations issued but not yet effective

A number of new standards and amendments to existing standards have been published which are mandatory, but are not effective for the year ended 30 June 2022. The directors do not anticipate that the adoption of these revised standards and interpretations will have a significant impact on the figures included in the financial statements in the year of initial application. The most significant of these are:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-Current (effective for periods beginning on or after 1 January 2023)
- IAS 8 Disclosure of Accounting Policies (effective for periods beginning on or after 1 January 2023)
- Definition of Accounting Estimates (effective for periods beginning on or after 1 January 2023)
- IAS 16 Property, plant & equipment

Note 2 Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The principal accounting policies adopted are set out below.

Property, plant and equipment

Computer equipment is stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis so as to write off the cost of the asset less residual value over the useful economic life, taken to be three years from the date of purchase.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Note 2 Significant accounting policies (continued)

Basis of consolidation (continued)
Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination (see below) and their share of changes in equity since the date of the combination. Losses applicable to them in excess of their interest in the subsidiary's equity are allocated to non-controlling interests.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Investments
Investments in subsidiaries are included at cost.

Equity investments are recognised and derecognised on the trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

The Investments are classified as assets at fair value through profit and loss and are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value are included in net profit or loss for the period.

If the market for a financial asset is not active, or the asset is an unlisted security, fair values are established by using valuation techniques, discounted cash flow analysis and the valuation techniques commonly used by market participants.

Leases
The Company has elected to apply the practical expedient to account for leases where the lease term ends within 12 months of the initial application and leases of low-value as short-term leases. Rental payments relate to short-term leases for the year.

Revenue recognition
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Foreign currencies
Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the reporting date and the gains or losses on translation are included in the income statement.

Assets and liabilities of subsidiary undertakings are translated at the rates of exchange ruling on the reporting date. Exchange differences arising on the translation of foreign equity investments are taken to reserves except to the extent that they are offset by corresponding differences arising on the translation of related borrowings.

Note 2 Significant accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case it is recognised in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Government grants

A government grant is recognised only when there is reasonable assurance that a) the company will comply with any conditions attached to the grant and b) the grant will be received.

Grants are recognised as income over the period necessary to match them with the related costs, which they are intended to compensate, on a systematic basis. The government grant recognised in the financial statements related to the Coronavirus Job Retention Scheme.

Financial instruments

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less appropriate allowances for credit losses over the expected lifetime of the asset.

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and have an original maturity of three months or less.

Note 2 Significant accounting policies (continued)

Significant judgements and sources of estimation uncertainty

In the application of the Group's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors are considered to be relevant. The following summarises the judgements, estimates and assumptions that may cause amounts recognised or disclosed to change in following reporting periods:

Allowances for credit losses

The Group reviews the ageing analysis of trade and other receivables on a regular basis. No expected credit loss has been provided on the loan provided to the London Asia Employee Benefit Trust, but the Company does consider receivables to be in default based on observable internal or external information. A considerable amount of judgement is required in assessing the recoverability of receivables, including credit worthiness and the collection history of counterparties. Deterioration in the counterparty's financial conditions may affect allowances for credit losses.

Note 3 Revenue

	Jun 2022 £'000	Jun 2021 £'000
Interest received	–	–
	–	–

Note 4 Business and geographical segments

For management purposes, the Group is currently organised as one operating division – investment activities. The Board of directors review the Group's internal reporting in order to assess performance and allocated resources. Operating segments have been identified by location of principal assets (in £'000):

Year ended 30 June 2022

	China	United Kingdom	Total
Revenue	–	–	–
Assets by location of asset	18,020	30	**18,050**
Liabilities by location of liability	–	87	**87**

Note 4 Business and geographical segments (continued)
Year ended 30 June 2021

	China	United Kingdom	Total
Revenue	–	–	–
Assets by location of asset	17,340	1,834	**19,174**
Liabilities by location of liability	–	72	**72**

Note 5 Loss before taxation

	Jun 2022 £'000	Jun 2021 £'000
Loss before taxation has been arrived at after charging/(crediting):		
Net foreign exchange gains/(losses)	2	(2)
Depreciation charge	1	2
Exceptional expense (note 6)	1,777	–
Auditors' remuneration – audit	9	9

Note 6 Exceptional expense

Exceptional expense related to the write-off of the amount receivable from Employee Benefit Trust due to the cancellation of the obligation for repayment during the year.

Note 7 Taxation

	Jun 2022 £'000	Jun 2021 £'000
Current tax charge	–	–
Current tax reconciliation		
(Loss) / profits before taxation	(1,139)	566
Current tax at 19% (2021: 19%)	(216)	108
Other disallowed items	295	(67)
Depreciation in excess of capital allowances	–	–

Note 7 Taxation (continued)	Jun 2022 £'000	Jun 2021 £'000
	–	–
Results of subsidiaries not subject to taxation at 19% (2021: 19%)		
Tax losses utilised in the period	(98)	(83)
Tax losses carried forward	19	42
Current tax charge	–	–

The Group has not recognised UK deferred tax assets of £2,728,000 (2021: £1,918,000) in respect of losses on the grounds that recoverability of the assets is considered uncertain in the foreseeable future based on expected profitability.

Note 8 Staff costs

	Jun 2022 £'000	Jun 2021 £'000
Wages and salaries (including directors' emoluments)	57	77
Pension contribution	1	1
Staff compensation for loss of office	–	40
Social security costs	1	5
Total staff costs	**59**	**123**

Staff costs include the following emoluments in respect of the qualifying service of directors of the company:

Directors' emoluments	**33**	**33**

There is no pension contribution included within Directors' emoluments (2021: £nil).

Employees

	Jun 2022 Number	Jun 2021 Number
The average number of persons employed by the Group, including directors, during the period was:	2	6

The directors are of the opinion that the key management of the Group comprises the Board of Directors who have the authority and responsibility for planning, directing and controlling the activities of the Group.

Note 9 Related party transactions
Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not shown here.

The Company paid office accommodation costs of £nil (2021: £40,000) to Parkstone Capital Limited, a company where Mr Buchler and Mr Bobroff are both directors. The company also recharged reception costs of £49,000 (2021: £16,000) to Parkstone Capital Limited during the year. As at the year end a balance of £8,000 (2021: £220) is included within other receivables in note 14 and an amount of £43,000 (2021: £nil) is included within other payables in note 15.

The Company recharged office accommodation costs of £nil (2021: £40,000) to Buchler Phillips Ltd, a company where Mr Buchler and Mr Bobroff are both directors.

Note 10 Parent company results
The Company has taken advantage of the exemption conferred by section 408 of the Companies Act 2006 from presenting its own income statement. Net loss after taxation amounted to £1,205,000 (2021: net profit of £630,000) has been included in the financial statements of the parent company.

Note 11 Earnings per share

Earnings	**Jun 2022 £'000**	**Jun 2021 £'000**
(Loss)/profit for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	(1,139)	566
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**587,213,731**	**587,213,731**
Earnings per share		
Basic (pence)	(0.19)	0.10
Diluted (pence)	(0.19)	0.10

Note 12 Tangible fixed assets

Cost	**£'000**
At 1 January 2020	42
Additions	–
At 30 June 2021	42
Additions	–
At 30 June 2022	**42**

Note 12 Tangible fixed assets (continued)

Accumulated depreciation

At 1 January 2020	39
Charge in the year	2
At 30 June 2021	41
Charge in the period	1
At 30 June 2022	**42**
Net book value	
At 30 June 2021	3
At 30 June 2022	1

Note 13 Investment in subsidiaries

The principal subsidiaries comprise:

Name	Place of incorporation	Method used to account for investments	Proportion of voting power and ownership interest
London Asia Capital (S) Pte Ltd *	Singapore	Consolidation	100%
London Asia Investments Limited **	Hong Kong	Consolidation	80%
Huang He Securities Limited **	Hong Kong	Consolidation	99.70%
London Asia Limited **	Hong Kong	Consolidation	99.998%

* London Asia Capital (S) Pte Ltd was struck off post year end on 7 November 2022. As a result, the investment value of £83,000 in the subsidiary was impaired in the parent company at the year end.

** The registered office for all above Hong Kong subsidiaries is at 3104-6, 31F Central Plaza, 16 Harbour Road, Hong Kong.

Analysis of movement during the period:

	Company Jun 2022 £'000	Company Jun 2021 £'000
Balance at beginning of period	84	84
Impairment	(83)	–
Balance at end of period	**1**	**84**

Note 14 Investments

	Group Jun 2022 £'000	Group Jun 2021 £'000	Company Jun 2022 £'000	Company Jun 2021 £'000
Analysis of movement during the period:				
Opening balance	17,340	16,660	17,340	16,660
Unrealised gain on revaluation of investments	680	680	680	680
Balance at the end of period	**18,020**	**17,340**	**18,020**	**17,340**

Unquoted Investments

Every unquoted investment held by the Group has been stated at nil value as at 30 June 2022 other than the investment in **Zhongying Changjiang International New Energy Investment Co. Ltd** ("Zhongying"). This investment is located in Wuhan, Hubei Province, China and was established in 2005 under the terms of a Joint Venture Agreement ("JVA") between Wuhan Kaidi Investment Holdings ("Kaidi") and others. The Group owns a 20% stake in Zhongying and the remaining 80% was transferred to Sunshine Kaidi New Energy Group Co., Ltd in late 2017. Zhongying has a range of investments from property, coal mines and other investments in China.

To comply with IFRSs, the investment in Zhongying has been stated at fair value of £18,020,000 at the reporting date. The valuation at 30 June 2022 has been determined using the same formula as the one applied in the previous year, which took account of the terms of the Zhongying JVA which expires in 2035 and states that the net assets of the company will be distributed to the shareholders in proportion to their equity interest, namely 20% for the Group.

More recent information has been brought to the directors' attention which purports to ascribe values to the Zhongying investment but this information is at present unverifiable. The directors will continue to review the position as and when new information comes to light and report accordingly.

The fair value for the investment in Zhongying has been determined as follows:

The directors believe that the fair value of Zhongying should reflect the Group's share of the net assets of £136,000,000, according to the most recent available financial information, which is for 31 December 2014.

A 33.75% discount factor (2021: 36.25%) is considered to be applicable to the net asset value of Zhongying for the period to 30 June 2022. The discount factor applied is due to:

- There being no current yield from the investment; and
- Caution in presuming that there is a market for the shares.

	£'000
Fair value for Zhongying shareholding at 1 July 2021	17,340
Unrealised gain on revaluation of investments	680
Fair value for Zhongying shareholding at 30 June 2022	**18,020**

Note 15 Trade and other receivables

	Group Jun 2022 £'000	Group Jun 2021 £'000	Company Jun 2022 £'000	Company Jun 2021 £'000
Other receivables	10	1,782	10	1,782
Amounts due from subsidiary companies	-	-	-	46
	10	**1,782**	**10**	**1,828**

On 15 June 2021, the obligation for the Trustees to make a repayment was cancelled. As a result, the amount receivable of £1,777,000 (2021: £1,777,000) was written off as an exceptional expense in the consolidated statement of financial performance.

The amounts due from subsidiary companies are unsecured, interest free and repayable on demand. Impairment of amounts due from subsidiary companies is measured at an amount equal to lifetime expected credit losses. The Company has impaired 100% of any receivable balance due from subsidiaries which is in a net liability position at the reporting date. This has resulted in an impairment charge of £374,000 recorded in the Company (2021: £328,000).

Note 16 Trade and other payables

	Group Jun 2022 £'000	Group Jun 2021 £'000	Company Jun 2022 £'000	Company Jun 2021 £'000
Amounts due to subsidiary companies	–	–	3,267	3,330
Accruals and deferred income	13	18	13	18
Other payables	45	–	45	–
Other taxation and social security	29	54	29	54
	87	**72**	**3,354**	**3,402**

The amounts due to subsidiary companies are unsecured, interest free and repayable on demand.

Note 17 Share capital and share premium

Allotted and issued:	Jun 2022 £'000	Jun 2021 £'000
229,508,582 Ordinary shares of 5p each (2021: 229,508,582)	11,475	11,475
357,705,149 Ordinary B shares of 2p each (2021: 357,705,149)	7,155	7,155
	18,630	**18,630**
Share premium	**21,330**	**21,330**
Capital redemption reserve (for shares returned and cancelled in 2009)	**10,828**	**10,828**

The Ordinary and Ordinary B shares do not have any unusual rights or restrictions attached to them with regard to transferring ability, dividends, voting or capital repayment. Full articles are maintained on the Company's website.

Note 18 Translation reserve

	Group Jun 2022 £'000	Group Jun 2021 £'000
Balance at beginning of period	831	831
Current period movement	-	-
Balance at end of period	831	**831**

Note 19 Retained loss

	Group Jun 2022 £'000	Group Jun 2021 £'000	Company Jun 2022 £'000	Company Jun 2021 £'000
Balance at beginning of period	(32,597)	(33,193)	(34,886)	(35,516)
Net (loss) / income	(1,141)	596	(1,205)	630
Balance at end of period	**(33,738)**	**(32,597)**	**(36,091)**	**(34,886)**

Note 20 Reserves

Share premium contains the premium arising on issue of equity shares, net of issue expenses.

Translation reserve comprises differences arising from translation of financial statements of the Group's foreign entities into GBP, its presentation currency.

Profit and loss account records retained earnings and accumulated losses.

Note 21 Non-controlling interest

	Group Jun 2022 £'000	Group Jun 2021 £'000
Balance at beginning of period	80	110
Current period movement	2	(30)
Balance at end of period	**82**	**80**

Non-controlling interest related to 20% of the net asset of a subsidiary in the group.

Note 22 Financial risk management objectives and policies

The objectives of the Group's policies are to manage the Group's financial risk, secure cost effective funding for the Group's operations and to minimise the adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities, on reported profitability and on the cash flows of the Group.

At 30 June 2022, the Group's financial instruments primarily comprised investments, cash and cash equivalents. Throughout the period under review, the Group has not traded in any other financial instruments. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in connection with the investment of surplus cash.

Concentration of credit risk exists to the extent that at 30 June 2022, current account and short-term deposits were held with one financial institution, i.e. HSBC.

Interest rate risk

The Group is not significantly exposed to interest rate risk, as it has no borrowings and limited interest received on its cash and cash equivalents.

Sensitivity analysis

The following analyses illustrate the effect that specific changes could have had on the Group's results. This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation. Actual results in the future may differ materially from these results due to developments in the global financial markets which may cause fluctuations in interest and exchange rates to vary from the hypothetical amounts disclosed in the following table, which therefore should not be considered a projection of likely future events and losses.

Foreign currency risk

Group companies have their local currency as their functional currency. The Group policy has the objective of reducing exposure to revaluation of monetary assets and liabilities. Under the policy, material outstanding foreign currency balances arising from transactions in currencies other than a company's functional currency are not hedged but foreign currency exposure is monitored regularly by the Board. Unlisted investments and corresponding liabilities have not been included due to documented uncertainties with the Groups' principal investment.

Note 22 Financial risk management objectives and policies (continued)

Year ended 30 June 2022

	Singapore $'000	US$'000
Net foreign currency monetary assets	5	8

	Weakening of GBP		Strengthening of GBP	
	10% £'000	20% £'000	10% £'000	20% £'000
Impact on equity gain/(loss)				
Singapore $	–	1	–	(1)
US $	1	2	(1)	(2)
Total	**1**	**3**	**(1)**	**(3)**

Financial Instruments hierarchy

The following table provides an analysis of financial instruments as at 30 June 2022 that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

Level 1: fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial instruments at 30 June 2022				
Investments	–	–	18,020	18,020
Financial instruments at 30 June 2021				
Investments	–	–	17,340	17,340

The reason for the change in value is attributable to the gain for the period that is recognised in the consolidated statement of financial performance.

Note 22 Financial risk management objectives and policies (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company has sufficient cash and cash equivalents to meet its financial liabilities.

Capital management

The primary objectives of the Group's capital management are:

- to safeguard the Group's ability to continue as a going concern, so that it can provide returns to shareholders; and
- to enable the Group to respond quickly to changes in market conditions and to take advantage of opportunities.

Note 23 Categories of financial assets and liabilities

The following tables set out the categories of the Group's financial assets and liabilities at the reporting date:

Financial assets	**Group Jun 2022 £'000**	**Group Jun 2021 £'000**
Financial assets at amortised cost:		
Trade and other receivables	10	1,782
Cash and cash equivalents	20	51
	30	1,833
Financial assets at fair value through profit and loss:		
Investments	18,020	17,340
	18,050	**19,173**

Financial liabilities	**Group Jun 2022 £'000**	**Group Jun 2021 £'000**
Liabilities at amortised cost		
Trade and other payables	87	72
	87	**72**

Note 24 Notes to the cash flow statement

	Group Jun 2022 £'000	Group Jun 2021 £'000	Company Jun 2022 £'000	Company Jun 2021 £'000
(Loss)/income for the period	**(1,141)**	**566**	**(1,205)**	**630**
Adjustments for:				
Depreciation charge	1	2	1	2
Impairment of investment in subsidiaries			83	-
Unrealised gain on revaluation of investments	(680)	(680)	(680)	(680)
Operating cash flows before movements in working capital	**(1,820)**	**(112)**	**(1,801)**	**(48)**
Decrease in trade and other receivables	1,772	35	1,866	35
Foreign exchange	-	-	-	-
Change in non-controlling interest	2	-	-	-
Increase/ (decrease) in trade and other payables	15	60	(96)	(4)
Net cash used in operating activities	**(31)**	**(17)**	**(31)**	**(17)**

Note 25 Contingent liabilities

There was an amount of £30,000 (2021: £30,000) due to Higgins Fairbairn & Co which may become payable in certain defined circumstances.

Note 26 Legal proceedings, recoveries and disputes

1. **Nourican $5,000,000 loan**

The Company loaned Nourican Adriatic DOO US$ 5m in 2005. Following investigation and legal advice it is the directors' view that this was a fraud perpetrated on the Company. It is clear that the loan proceeds were not used for their intended purpose, did not go into proper escrow with Raiffessenbank, were not repaid and have disappeared. Following the Company making a criminal complaint to the Croatian authorities, a meeting was held with the Croatian police in order to assist the Group in the recovery of the funds. Further action continues to be taken to enhance the prospect of recovery.

The directors' efforts to recover these funds are hampered by the lack of documentation from 2005 and the time that has since elapsed. However, the directors we are continuing their efforts and will continue to take such action as is necessary, proportionately to the costs incurred, to enhance the Group's prospects of recovery.

Note 27 Ultimate parent company

The Company's ultimate parent company is Richpoint Group Overseas Limited, a company registered in Singapore.