ANNUAL REPORT 2021

Directors, Officer and Advisers

DIRECTORS

RICHARD GRIFFITHS	CHAIRMAN
MICHAEL BRETHERTON	CHIEF EXECUTIVE OFFICER
JAMES EDE-GOLIGHTLEY	NON-EXECUTIVE DIRECTOR

REGISTERED OFFICE
FLOOR 1 LIBERATION STATION
THE ESPLANADE
ST HELIER
JERSEY
JE2 3AS

COMPANY SECRETARY
JAMES SUTCLIFFE

INDEPENDENT AUDITOR
GRANT THORNTON LIMITED
KENSINGTON CHAMBERS
46/50 KENSINGTON PLACE
ST HELIER
JERSEY
JE1 1ET

REGISTRAR AND TRANSFER AGENT
NEVILLE REGISTRARS
NEVILLE HOUSE
STEELPARK ROAD
HALESOWEN
B62 8HD

Contents

Chairman's Statement

Sarossa Plc ('Sarossa' or 'the Company') had another good year to 30 June 2021 recording a gross investment return of £8.94 million and a net profit after tax of £7.89 million in line with the profit of £7.79 million in the previous year.

The profit for the year included unrealised gains of £7.80 million on the value of portfolio investments, coupled with realised investment gains of £0.95 million and dividend and other income of £0.14 million (2020: unrealised gains of £7.90 million, realised investment gains of £0.34 million and dividend income of £0.15 million). Administrative expenses for the year amounted to £1.05 million (2020: administrative expenses of £0.61 million).

A significant element of the Company's unrealised investment gains in the year is again attributable to our Silence Therapeutics Plc investment which continues to announce positive news in relation to its wholly owned novel short interfering ribonucleic acid (siRNA) therapeutics programs and its partnered pipeline with Mallinckrodt and AstraZeneca.

During the year, the Company spent £1.60 million on additional portfolio investments and realised proceeds of £2.62 million from the sale of portfolio investments. The Company holds currently 9 portfolio investments, all of which are quoted, and for which the carrying value at 30 June 2021 was £26.82 million (30 June 2020: £19.08 million represented by 9 quoted holdings).

Cash balances at 30 June 2021 amounted to £0.76 million (30 June 2020: to £0.21million).

Net assets attributable to holders of Sarossa at 30 June 2021 were £27.18 million (equivalent to £680.10 per share) compared with £19.29 million (equivalent to £482.63 per share) at the previous year end. The increase in net assets per share reflects the profit of £7.89 million recorded for the year.

Investment portfolio update

Sarossa is an investment holding and management company whose principal activity is the investment in businesses which present opportunities for value creation. The Company is focused mainly on portfolio investment businesses with product and service platforms targeting major international markets through customers and partners with an international profile.

An overview of the activities of the portfolio investment businesses in which Sarossa has a holding of over 3 per cent of the issued share capital or where the value of the investment comprises at least 5 per cent of Sarossa's net asset value, is given below:

Silence Therapeutics Plc ('Silence') is AIM listed and also has a listing of American Depositary Shares on the Nasdaq Capital Market. Silence is developing a new generation of medicines by harnessing the body's natural mechanism of RNA interference, or RNAi, within its cells. Its proprietary technology can selectively inhibit any gene in the genome, specifically silencing the production of disease causing proteins. The technology is being used to develop a broad pipeline of product candidates in 3 principal areas of high unmet need: haematology, cardiovascular and rare diseases. During the first half of 2021 Silence started dosing patients in two of its wholly owned programs, SLN360 and SLN124, and also added two new targets to its partnered pipeline with Mallinckrodt and AstraZeneca. Silence received a further US$2.0 million milestone payment from Mallinckrodt following initiation of work on the new target being explored under its ongoing research collaboration which is focused on the development and commercialization of RNAi therapeutics designed to inhibit or 'silence' the complement cascade, a group of proteins that are involved in the immune system and play a role in the development of inflammation. In May 2021 Silence also received the remaining US$40.0 million due from AstraZeneca as part of AstraZeneca's US$80.0 million cash and equity investment for the siRNA collaboration announced in March 2020 to discover and develop siRNA therapeutics for cardiovascular, renal, metabolic, and respiratory diseases. In addition, Silence was successful in completing an oversubscribed £30.8 million private placement in Q1 of 2021 led by top-tier U.S. institutional healthcare funds. Silence reported a loss after tax of £20.1 million for the 6 months to 30 June 2021, driven primarily by continued R&D spend, and the company held cash balances of £71.2 million at that date. Sarossa's shareholding at 30 June 2021 was, and continues to be, 2.44 per cent of the issued share capital of Silence.

Caretech Holdings Plc ("Caretech") is an AIM listed leading provider of specialist residential care home and social care services, supporting adults and children with a wide range of complex needs in the UK. Caretech's core services provide for adults with learning disabilities, individuals who have or are recovering from mental illness, people with autistic spectrum disorder and people who have one or more physical impairments. Its children services cover assessment, residential care, education and fostering options. Caretech has a national presence with around 10,000 staff supporting some 4,500 vulnerable young people and adults. Covid-19 has highlighted the importance of having community based, high quality social care facilities to relieve the pressures on the NHS and Caretech has continued to ensure all of its service users receive high quality care in extremely challenging conditions. For the six months ended 31 March 2021 revenue increased by 16.5 per cent to £243.0 million and underlying profit after tax increased to £26.6 million. The revenue increase was primarily driven by organic growth, the acquisition of Smartbox in October 2020, and the transfer of adult's specialist services sites from The Huntercombe Group during the period for no capital outlay. The addition of Smartbox has been a significant milestone and adds a new division enabling digital technology to extend Caretech's Care Pathway. Smartbox is a market-leading creator of software and hardware that helps disabled people without speech to have a voice and live more independently. Sarossa's shareholding at 30 June 2021 was, and continues to be, 0.59 per cent of the issued share capital of Caretech.

Cicassia Group Plc ("Circassia") is an AIM listed global medical device company focused on point of care asthma diagnosis and management. In April 2020, the company announced a transaction to terminate the development and commercialisation agreement between the company and AstraZeneca for the U.S. commercial rights to Tudorza® and Duaklir® and the transfer of these products back to AstraZeneca in order to transform Circassia into a debt-free business with a strong Niox based continuing operations business with the potential to expand into new territories. The discontinued business traded profitably during the first quarter of 2021, with the transfer of these products back to AstraZeneca completed on 31 March 2021. In May 2021 Circassia also signed an agreement to settle its contractual dispute with Beyond Air Inc. with regard to the licensing to Circassia of Beyond Air's LungFit® product and under which Circassia surrenders its rights to that product in exchange for potential cash milestone payments by Beyond Air for up to a maximum of US$16.5 million in the event that LungFit® product secures FDA approval. Management has continued to implement its business strategy, focusing exclusively on Niox and has also changed the sales and marketing strategy to reduce fixed costs by putting greater emphasis on third party distribution. Revenues for the Niox business for the six months ended 30 June 2021 were £14.6 million, up 28 per cent on the same period last year and whilst the loss on continuing operations was £2.0 million, the NIOX business EBITDA was positive for first time (excluding corporate costs). Circassia raised £5.0 million in cash under an equity subscription with three of its major institutional shareholders in March 2021 and net cash at 30 June 2021 was £11.3 million. The shareholding of Sarossa at 30 June 2021 was, and continues to be, 2.38 per cent of the issued share capital of Circassia.

Plant Health Care Plc ('PHC') is an AIM listed leading provider of novel patent-protected biological products to the global agriculture markets. PHC's shares are also traded on the US OTCQB Venture Market. In agriculture, long dominated by harsh chemical fertilisers and pesticides, PHC's patented PREtec (Plant Response Elicitor technology) platform is a disruptive technology. It acts, not directly on pests, diseases or soils, but on the plants themselves, to boost their defences and improve yield, vigour and harvest quality. PHC offers products to improve the health, vigour and yield of major field crops such as corn, soybeans, potatoes and rice, as well as specialty crops such as fruits and vegetables. The company's lead product is Harpin and PHC also has a new technology segment focused on its PREtec platform used to selectively activate the innate growth and defence mechanisms of crop plants. In October 2020, PHC entered into a strategic collaboration with Wilbur-Ellis, a recognized leader in precision agriculture, crop protection, seed, nutrition and biological products, for the development of four products from the PREtec platform for commercialization in fruit and vegetable crops in the USA, with the first launch expected as early as the end of 2022, subject to regulatory approvals. In early January 2021 PHC announced that its new seed treatment, PHC279, for the prevention and treatment of Asian soybean rust has received federal approval for sale in Brazil and aims to launch PHC279 during the second half of 2021. In the six months to 30 June 2021 revenues increased by 13 per cent to US$3.5 million and cash used in operations decreased 29 per cent to US$1.5 million. PHC completed a US$9.1 million (net of expenses) fundraise in March 2021 and net cash at 30 June 2021 was US$11.1 million. Sarossa's shareholding at 30 June 2021 was, and continues to be, 3.62 per cent of the issued share capital of PHC.

Chairman's Statement (continued)

Redde Northgate Plc ("Redde") is an LSE listed provider of automotive services and solutions including vehicle supply, service, maintenance, repair, recovery, accident and incident management and disposal through sale or salvage. The enlarged group was formed in February 2020 following the all-share merger of light commercial hire business Northgate plc and Redde plc, the provider of incident and accident management, legal and other mobility-related services. Last year was focused on the integration of the businesses following the merger and that work is now largely complete, ahead of time, with £20.5 million of cost savings secured. The merged Redde group has an extensive network and diversified fleet of over 110,000 owned vehicles and over 500,000 managed vehicles in more than 170 branches across the UK, Ireland and Spain. Redde now aims to utilise its scale, reach and comprehensive suite of integrated services to offer a market-leading customer proposition and drive revenue growth. Redde reported revenues of £1,109.5 million in the year to 30 April 2021 and a profit after tax of £65.6 million. The company subsequently reported in July 2021 that it had completed the acquisition of Charged Electric Vehicles Limited, a specialist in the supply and installation of Electric Vehicle (EV) charging equipment across the UK, in order to provide a platform to expand its offerings in this important and growing area as both its own EV fleet and its customers' EV fleets evolve. The shareholding of Sarossa at 30 June 2021 was, and continues to be, 0.21 per cent of the issued share capital of Redde.

Griffin Mining Limited ("Griffin") is an AIM listed mining and investment company that has been the leader in foreign investment in mining in China, having been engaged in developing the Caijiaying zinc and gold project since 1997. In January 2021, Griffin announced a major achievement in finally securing a significant new mining license from the Chinese Ministry of Land and Natural Resources which catapults Griffin into the ranks of one of the largest zinc producers in China. Revenues increased by 154 per cent to $54.1 million for the six months to 30 June 2021 and generated a profit after tax of US$10.3 million. The results benefited from the new mining license as well as a significant improvement in the market price for zinc and lower smelter treatment charges and in addition the 2020 first half year results were adversely affected by the suspension in operations to contain the Covid-19 pandemic. The shareholding of Sarossa in Griffin as at 30 June 2021 was, and continues to be, 0.79 per cent of the Griffin shares in issue.

In addition to the above, Sarossa has 3 further AIM listed holdings of below 3 per cent of the issued share capital and less than 5 per cent of Sarossa's net asset value. These include 4D Pharma Plc, which is a pioneer in harnessing bacteria of the gut microbiome as a novel and revolutionary class of medicines, known as live biotherapeutics, and Source Bioscience International Plc, which is an international provider of state-of-the-art laboratory services, clinical diagnostics and analytical testing services.

Outlook

The arrival of a number of Covid-19 vaccines and the associated roll-out of global vaccination programs is providing a pathway for the easing of social and economic restrictions and should enable a gradual recovery to the global economy. However, uncertainties remain as to the scope of the recovery and the impact of the pandemic in accelerating changes to consumer trends and employee working practices which may severely disrupt certain sectors whilst benefiting others.

Your Board will, therefore, continue to maintain a rigorous and highly selective investment approach with a focus on special situation opportunities that are expected to deliver additional value for shareholders. We remain confident in the underlying fundamentals, technologies and long-term potential for growth at the companies within our investment portfolio.

Richard Griffiths
Chairman

7 October 2021

Strategic Report

The Directors present their Strategic Report with the Financial Statements for Sarossa Plc ('Sarossa' or 'the Company') for the year ended 30 June 2021.

Principal activity and business model
Sarossa is an investment holding and management company whose principal activity is the investment in and growth and development of businesses which present opportunities for value creation.

The Company has an investing strategy to identify investment opportunities offering the potential to deliver a favourable return to shareholders over the medium term, primarily in the form of capital gain. A particular consideration is to identify businesses which, in the opinion of the Board, are under-performing and present opportunities for value creation.

Sarossa is mainly focused on portfolio businesses with product and service platforms targeting major international markets through customers and partners with an international profile. The Company's equity interest in a potential investment may range from a minority position to 100 per cent ownership and the interest may be either quoted or unquoted.

Business review
A review of the Company's performance and future prospects is included in the Chairman's Statement on pages 2 to 4.

Share capital and funding
Full details of the Company's share capital movements are given in Note 13 of the financial statements. The Company has an authorised share capital of 100,000 ordinary shares of £100 each, of which 39,962 were in issue at the 30 June 2021 financial year end.

Financial review
The Financial Statements have been prepared for the year to 30 June 2021.

Key performance indicators
Key performance indicators are set out below:

	30 June 2021	30 June 2020
Net assets (£ million)	27.18	19.29
Net asset value per share (£)	680.10	482.63
Profit after tax (£ million)	7.89	7.79
Cash and short-term deposits with banks (£ million)	0.76	0.21

Profit and loss
The profit after tax for the year ended 30 June 2021 was £7.89 million, compared to a profit of £7.79 million in the previous year. The result for the current year is due mainly to an increase in the market prices of certain portfolio investments.

Administrative costs were £1.05 million for the year, compared to costs of £0.61 million in the prior financial year. The increase mainly reflects higher investment consulting related fees.

Interest from deposits for the year was immaterial for the financial year versus £0.02 million in the previous year.

Balance Sheet
Net assets at 30 June 2021 amounted to £27.18 million compared with £19.29 million at 30 June 2020.

The carrying value of portfolio investments at 30 June 2021 was £26.82 million represented by 9 quoted investment holdings (30 June 2020: £19.08 million represented by 9 quoted holdings).

Cash and short-term deposit balances were £0.76 million at 30 June 2021 compared to cash and short-term deposit balances of £0.21 million at 30 June 2020.

Strategic Report (continued)

Cash flow
The Company's aggregate position in cash and short-term deposits increased by £0.55 million during the year. This increase reflects £2.62 million generated from the disposal of investments and £0.18 million received in dividend and other income, partially offset by (£1.60) million spent on additions to portfolio investments, together with other cash outflows of (£0.65) million in respect of mainly overheads and working capital movements.

Directors and employees
The Company has 4 employees, 2 of whom are Directors. The Company also has 1 non-executive Director. The profile of the Directors and their remuneration is detailed in the Directors' Report on pages 8 and 9.

Risk review

Risk management
The Company's risk management objectives and exposure to various risks are detailed in Note 12.

The main risks arising from the Company's operations are market risk, credit risk and liquidity risk. The Directors review and agree policies for managing risk at least annually.

Market risk
Price risk
The Company is exposed to market price risk in respect of its portfolio investments. The Company mitigates this risk by having established investment appraisal processes and asset monitoring procedures which are subject to overall review by the Board.

Interest rate risk
The Company has no external financing facility, therefore its interest rate risk is limited to the level of interest received on its cash surpluses. Interest rate risk on cash, cash equivalents and short-term deposits is mitigated partially by using an element of fixed-rate accounts and short-term deposits.

Credit risk
The Company's principal financial assets are its portfolio investments, its bank balances and cash held on deposit with institutions. The Company seeks to reduce the credit risk associated with cash by only holding cash with institutions that have good credit ratings. The credit risk associated with portfolio and trading investments is considered to be acceptable.

Liquidity risk
The Company seeks to manage liquidity by ensuring sufficient funds are available to meet foreseeable needs and to invest cash assets safely and profitably. The Company had cash, cash equivalents and short-term deposit balances of £0.76 million as at 30 June 2021 (2020: £0.21 million).

In order to minimise risk to the Company's capital, funds are invested across a number of financial institutions with strong credit ratings. Cash forecasts are updated regularly to ensure that there is sufficient cash available for foreseeable requirements. The Directors are satisfied that the current cash balances, the liquidity of portfolio investments and the relatively low running cost base of the Company ensures that the going concern assumption remains valid.

External risks
The ongoing Covid-19 pandemic has resulted in governments globally taking unprecedented and restrictive actions which have dampened demand, caused significant disruption to business operations and increased economic uncertainty moving forward.

The measures taken have resulted in more volatile asset prices and currency exchanges, an unprecedented increase in government debt levels and a further marked deterioration in interest rates.

The ability of the world to navigate itself back to normality and how any 'new normal' may look is the primary risk facing all businesses and consumers moving forward. The Covid-19 pandemic has highlighted the risks associated with a highly interconnected and interdependent world in which economic contagion from a material deterioration in any major global economy is all but a certainty.

Other risk factors to growth remain largely unchanged and are perceived to be; the relationship and ongoing negotiations between the UK and the EU, continued tensions as the US and China attempt to assert global commercial dominance, and the inherent impact of changing consumer trends and the advent and adoption of new commercial technologies which may be hastened by the Covid-19 pandemic.

Future developments

The Board continues to seek capital growth for shareholders as the primary key performance indicator of the Company. It is expected that this can be achieved by maintaining a disciplined investment approach and by exploiting market opportunities under a flexible investment mandate.

Approved on behalf of the Board

Michael Bretherton
Chief Executive Officer

7 October 2021

Directors' Report

The Directors present their report and the audited financial statements for Sarossa Plc ('Sarossa or 'the Company') for the year ended 30 June 2021.

Principal activity

Sarossa is an investment holding and management company whose principal activity is the investment in and growth and development of businesses which present opportunities for value creation. Further information on the principal activity is given in the Strategic Report on page 5.

Business review

A review of the Company's performance and future prospects is given in the Chairman's Statement on pages 2 to 4 and in the Strategic Report on pages 5 to 7.

Results and dividends

The gain and total comprehensive income for the year ended 30 June 2021 was £7.89 million (2020: gain and total comprehensive gain of £7.79 million).

No interim dividend was declared (2020: £nil) during the year and the Directors do not recommend payment of a final dividend in respect of the year ended 30 June 2021 (2020: £nil).

Share Capital

There were no changes in the share capital of the Company during the financial year. Full details of the Company's share capital movements are given in Note 13 of the financial statements.

Directors

The Directors who held office during the year and up to the date of signing the financial statements were as follows:

Executive Director	Non-Executive Directors
Richard Griffiths	James Ede-Golightly
Michael Bretherton	

Directors' indemnity insurance

As permitted by the Articles of Association, the Company purchased and maintained directors' and officers' liability insurance, in respect of itself and its Directors, throughout the financial year.

Directors' remuneration

	Salary and fees £'000	Benefits £'000	2021 Total £'000	2020 Total £'000
Richard Griffiths	125	7	132	132
Michael Bretherton	125	8	133	132
James Ede-Golightly	25	5	30	30
	275	20	295	294

It is the Company's policy that executive Directors should have employment/service contracts with an indefinite term providing for a maximum of six months' notice. In the event of early termination, the Directors' contracts provide for compensation up to a maximum of basic salary for the notice period.

The non-executive Director, James Ede-Golightly, is engaged on a letter of appointment which may not be terminated on less than six months' notice.

Directors' interests

The interests of Directors in the shares of the Company as at 30 June 2021 are given below:

	Ordinary shares of £100 each 30 June 2021	Ordinary shares of £100 each 30 June 2020
Richard Griffiths	27,898	27,845
Michael Bretherton	1,127	1,127
James EdeGolightly	94	94

Profile of the Directors

Richard Griffiths, Chairman

Richard Griffiths was appointed chairman of Sarossa on 1 December 2017. He has had a long career founding, running, investing in and advising growth companies. Previously, Richard was founder and executive chairman of the Evolution Group PLC, a diversified financial group, taking it from start up to FTSE 250 membership within 5 years. Richard subsequently went on to become founder and chairman of ORA Capital Partners Plc in 2006 and later distributed the company's profits and assets back to shareholders in 2013, before setting up ORA Limited in Jersey in 2014 and at which he remains chairman. In addition, Richard has been a venture or strategic investor in many successful UK companies including IP Group Plc, Nanoco Group Plc, Tissue Regenix Group Plc, GVC Holdings Plc, Oxford Nanopore Technologies Limited and Plectrum Petroleum Limited (sold to Cairn Energy Plc).

Michael Bretherton, Chief Executive Officer

Michael Bretherton was appointed as a non-executive Director of Sarossa's predecessor entity Sarossa Capital plc in March 2011 and took on the role of finance director on admission to AIM in January 2012, before being appointed chairman on 25 October 2012. He subsequently moved from the role of chairman to that of chief executive officer on 1 December 2017. Michael is also chairman of Adams Plc and Hardy Plc and is a non-executive Director of E-Therapeutics Plc. In addition, Mr Bretherton has been a director of seven other AIM quoted companies during the last ten years, including DeepMatter Group Plc, Nanoco Group Plc, Ceres Power Holdings Plc and Tissue Regenix Group Plc. He has a degree in Economics from Leeds University and is a member of the Institute of Chartered Accountants in England and Wales. His early career included working as an accountant and manager with PriceWaterhouse for seven years in London and Abu Dhabi.

James Ede-Golightly, Non-Executive Director

James Ede-Golightly was appointed as a non-executive Director on 1 April 2018. He is chairman of East Balkan Properties Plc and Oxford Advanced Surfaces Limited and Non-Executive Chairman of DeepMatter Group Plc. James has extensive experience as a non-executive on the boards of AIM-quoted companies with international business interests. James was also a founder of ORA Capital Partners in 2006, having previously worked as an analyst at Merrill Lynch Investment Managers and Commerzbank. He is a CFA Charterholder and holds an MA in economics from Cambridge University. In 2012 he was awarded New Chartered Director of the Year by the Institute of Directors.

Substantial shareholdings

Richard Griffiths, by way of his shareholding, individually exercises control over the Company. Richard Griffiths holding in the Company, along with those who had an interest in 3 per cent or more of the issued ordinary share capital of the Company as at 7 October 2021, as far as the Directors are aware, is as follows:

Shareholder	Number of ordinary shares	% Holding
Mr Richard Griffiths	27,898	69.81

Corporate governance

The Directors recognise the importance of sound corporate governance and observe the principles of the UK Corporate Governance Code 2014. As a consequence, the Company follows the Quoted Companies Alliance ("QCA") Corporate Governance Code to the extent that they consider the principles appropriate for the Company's size and nature.

Directors' Report (continued)

The Board

The Board comprises currently of two executive Directors and one non-executive Director.

Audit committee

The Audit Committee's primary responsibilities are to monitor the integrity of the financial affairs and statements of the Company, to ensure that the financial performance of the Company and any subsidiary of the Company is properly measured and reported on, to review reports from the Company's auditors relating to the accounting and internal controls and to make recommendations relating to the appointment of the external auditors. The Audit Committee comprises James Ede-Golightly, who acts as chairman.

Remuneration committee

The Remuneration Committee's primary responsibilities are to review the performance of the executive directors of the Company and to determine the broad policy and framework for their remuneration and the terms and conditions of their service and that of senior management (including the remuneration of and grant of options to such persons under any share scheme adopted by the Company). The remuneration committee comprises of James Ede-Golightly, who acts as chairman.

The remuneration of non-executive Directors shall be a matter for the executive Directors of the Company.

Internal Control

The Board is responsible for maintaining a sound system of internal control. The Board's measures are designed to manage, but not eliminate, risk and such a system provides reasonable but not absolute assurance against material misstatement or loss.

Some key features of the internal control system are:

(i) Management accounts information, budgets, forecasts and business risk issues are regularly reviewed by the Board which meets at least four times per year;

(ii) The Company has operational, accounting and employment policies in place;

(iii) The Board actively evaluates the risks inherent in the business and ensures that appropriate controls and procedures are in place to manage these risks; and

(iv) There is a clearly defined organisational structure and well-established financial reporting and control systems.

Going Concern

The Directors have considered their obligation in relation to the assessment of the going concern of the Company and have reviewed the current cash forecasts and assumptions as well as the main risk factors facing the Company. The Directors acknowledge the ongoing Coronavirus pandemic ("Covid-19") and the adverse impact it, and the measures taken to tackle it, continue to have on the global economy. The impact of the pandemic on the Company and its investments cannot be quantified, however the Directors consider that there is no immediate expectation for the Covid-19 to affect the going concern status of the Company. The Directors will continue to closely monitor the ongoing impact of Covid-19 on the Company's operations. The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in the preparation of the financial statements.

Risk management

The Company's risk management objectives and exposure are detailed in the Strategic Report on pages 5 to 7 and in Note 12 to the financial statements.

Employment policy
When applicable, the Directors are committed to continuing involvement and communication with employees on matters affecting both the employees and the Company.

The Company supports the employment of disabled people wherever possible through recruitment, by retention of those who become disabled and generally through training, career development and promotion.

Creditor payment policy
The Company seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Company does not have a standard policy that deals specifically with the payment of suppliers.

At the end of the year outstanding invoices for the Company represented 8 days purchases (2020: 7 days).

Annual General Meeting
The next Annual General Meeting will take place on 30 November 2021 at 11.00 am at the Company's registered office at Floor 1 Liberation Station, The Esplanade, St Helier, Jersey JE2 3AS.

Voting rights
On a show of hands at a general meeting of the Company every holder of shares present in person and entitled to vote, and every proxy duly appointed by a member entitled to vote, has one vote and on a poll every member present in person or by proxy and entitled to vote has one vote for every share held. Further details regarding voting at the Annual General Meeting can be found in the Notice of Annual General Meeting at the back of this document. None of the shares carry any special rights with regard to control of the Company. Electronic and paper proxy appointments and voting instructions must be received by the Company's transfer agent not later than 48 hours (not counting non-working days) before the meeting.

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

The Directors are required by the Companies (Jersey) Law 1991 to prepare Company financial statements for each financial period in accordance with generally accepted accounting principles. The Directors have elected under Jersey Company law, to prepare Company financial statements in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU").

The Company's financial statements are required by law to give a true and fair view, and are required by IFRS adopted by the EU to present fairly, the financial position and performance of the Company.

In preparing the financial statements, the Directors should:

(i) select suitable accounting policies and then apply them consistently;

(ii) make judgements and estimates that are reasonable and prudent;

(iii) state whether they have been prepared in accordance with IFRSs adopted by the EU, subject to any material departures disclosed and explained in the financial statements; and

(iv) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Directors' Report (continued)

The Directors are responsible for keeping accounting records which are sufficient to show and explain the Company's transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements are properly prepared and in accordance with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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

Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors

A resolution to reappoint the auditors, Grant Thornton Limited, will be proposed at the Annual General Meeting.

Disclosure of information to auditors

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

Approved by order of the Board

Michael Bretherton
Chief Executive Officer

7 October 2021

Independent Auditors' Report to the Members of Sarossa Plc

Opinion

We have audited the financial statements of Sarossa plc (the 'Company') for the year ended 30 June 2021 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, 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 30 June 2021 and of its profit for the year then ended;
- IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 Jersey, including the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, 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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report set out on pages 2 to 12, 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 (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the Company financial statements are not in agreement with the accounting records; or
- we have not received proper returns adequate for our audit from branches not visited by us; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Independent Auditors' Report to the Members of Sarossa Plc (continued)

Responsibilities of Directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on pages 11 and 12, the Directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRSs, 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 with ISAs 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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.

Adam Budworth

For and on behalf of
Grant Thornton Limited
Chartered Accountants
St Helier, Jersey, Channel Islands

7 October 2021

Statement of Comprehensive Income

for the year ended 30 June 2021

	Notes	2021 £'000	2020 £'000
Gain on portfolio investments	2	8,752	8,246
Dividend and other income	2	187	151
Gross investment return		8,939	8,397
Administrative expenses		(1,048)	(608)
Operating profit	6	7,891	7,789
Finance income	5	–	2
Profit before taxation		7,891	7,791
Taxation	7	–	–
Profit for the year and total comprehensive income		7,891	7,791
Earnings per ordinary share			
Basic and diluted	8	£197.46	£194.97

There are no other comprehensive income or loss items.

Statement of Changes in Equity

as at 30 June 2021

	Notes	Share Capital £'000	Capital Redemption Reserve £'000	Retained Earnings Reserve £'000	Total £'000
At 30 June 2019		3,996	2,398	5,102	11,496
Total comprehensive income for the year		–	–	7,791	7,791
At 30 June 2020		3,996	2,398	12,893	19,287
Total comprehensive income for the year		–	–	7,891	7,891
At 30 June 2021		3,996	2,398	20,784	27,178

The notes on pages 19 to 32 form part of these financial statements.

Statement of Financial Position
at 30 June 2021

	Notes	2021 £'000	2020 £'000
Assets			
Non-current assets			
Portfolio Investments	9	26,817	19,080
		26,817	19,080
Current assets			
Other receivables	10	30	29
Cash and cash equivalents	12	764	206
		794	235
Total assets		27,611	19,315
Liabilities			
Current liabilities			
Trade and other payables	11	(433)	(28)
Total liabilities		(433)	(28)
Net current assets		361	207
Net assets		27,178	19,287
Shareholders' equity			
Share capital	13	3,996	3,996
Capital redemption reserve	14	2,398	2,398
Retained earnings reserve	15	20,784	12,893
Total shareholders' equity		27,178	19,287

The financial statements on pages 16 to 32 were approved by the Board of Directors and authorised for issue on 7 October 2021 and signed on its behalf by:

Michael Bretherton
Chief Executive Officer

Company number – 115158

The notes on pages 19 to 32 form part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities			
Profit before tax		7,891	7,791
Adjustments for:			
Finance income	5	–	(2)
Realised gain on sale of portfolio investments		(948)	(343)
Unrealised gain on revaluation of portfolio investments	9	(7,804)	(7,903)
Operating cash outflows before movements in working capital		(861)	(457)
Purchase of portfolio investments	9	(1,602)	(5,612)
Proceeds from sales of investments		2,617	5,616
(Increase)/decrease in trade and other receivables		(1)	5
Increase/(decrease) in trade and other payables		405	(4)
Net cash generated from/(used in) operations		558	(452)
Cash flows from investing activities			
Interest received	5	–	2
Net cash generated from investing activities		–	2
Cash flows from financing activities			
Shares repurchased and cancelled		–	–
Net cash used in financing activities		–	–
Net increase/(decrease) in cash and cash equivalents		558	(450)
Cash and cash equivalents at beginning of year		206	656
Cash and cash equivalents at end of year		764	206
Cash, cash equivalents and short-term deposits at end of year		764	206

The notes on pages 19 to 32 form part of these financial statements.

Notes to the Financial Statements

1. Principal accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Sarossa Plc was incorporated in Jersey on 7 March 2014. The registered office of Sarossa Plc is Floor 1 Liberation Station, The Esplanade, St Helier, Jersey JE2 3AS.

Basis of preparation

The financial statements have been prepared by Sarossa Plc in accordance with International Financial Reporting Standards ('IFRS'), as adopted for use by the EU, and International Financial Reporting Interpretation Committee interpretations ('IFRIC') and with those parts of the Companies (Jersey) Law 1991 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention except for investment portfolio assets and certain financial instruments which are included at fair value.

The financial statements are prepared on the going concern basis.

Adoption of new accounting standards

New Accounting Standards, interpretations and amendment adopted

The following were new standards and amendments to existing standards which are relevant to the Company and are effective for annual periods commencing on or after 1 January 2020:

- Amendments to References to Conceptual Framework in IFRS Standards
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, (amendments) "Definition of material"
- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosure (amendments) "Interest rate benchmark reform"

Adoption of these new and amended standards has had no material impact on the financial statements of the Company.

Accounting Standards or interpretations, not yet early adopted

A number of new standards, amendments to existing standards and interpretations which have been issued or amended by the IASB, are not yet effective and have not been applied in preparing these financial statements.

Segmental reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Critical accounting estimates and areas of judgement

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The Notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The estimate and assumption that has the most significant effect on the carrying amounts of assets and liabilities in the financial statements is the valuation of quoted investments. These are valued at closing bid market price and in accordance with IFRS, no discount is applied for liquidity of the stock or any dealing restrictions. However, it may not always be possible to trade at the quoted bid market price. Quoted portfolio investments are carried in the financial statements as at 30 June 2021 at a valuation of £26.82 million (2020: £19.08 million). For further detail see Note 9.

Notes to the Financial Statements (continued)

1. Principal accounting policies (continued)

Income

Income is measured at the fair value of the consideration received or receivable in the normal course of business, net of discounts and other sales related taxes. The Company recognises income when the amount of income can be reliably measured and when it is probable that the future economic benefits will flow into the Company.

(i) Gross investment return
Gross investment return represents the sum of realised gains and losses on the disposal of investment portfolio assets and derivative financial instruments and the unrealised gains and losses on the revaluation of these, together with any related investment income received and receivable. Realised gains and losses on the disposal of investments is the difference between the fair value of the consideration received less any directly attributable costs on the sale and the fair value of the investments at the start of the accounting period or acquisition date if later. Unrealised gains and losses on the revaluation of investments is the movement in carrying value of investments between the start of the accounting period or acquisition date if later and the end of the accounting period. Dividends from investments are recognised when the Company's right to receive payment has been established.

(ii) Interest income
Interest income is recognised as interest accrues using the effective interest rate method.

(iii) Other income
All other income is recognised as other income in the period to which it relates.

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated.

Foreign currency

The functional currency of the Company is the currency of the primary economic environment in which the entity operates. Transactions denominated in foreign currencies have been translated into the functional currency of the Company at the transaction date rate of exchange. Monetary assets and liabilities denominated in foreign currencies have been translated at rates ruling at the statement of financial position date. Exchange differences have been taken to operating results in the income statement.

The results of any foreign operations are translated into the Company's presentational currency at month end exchange rates and their statement of financial positions are translated at the rates ruling at the statement of financial position date. Exchange differences arising on translation of the opening net assets and results of overseas operations are dealt with through reserves.

The functional and presentational currency of the Company is Pounds Sterling.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Notes to the Financial Statements (continued)

1. Principal accounting policies (continued)

Classification and initial measurement of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost.
- fair value through profit or loss (FVTPL).
- fair value through other comprehensive income (FVOCI).

The classification is determined by both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions:

- held under a business model objective to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and trade and most other receivables fall into this category of financial instrument.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The Company's Investment Portfolio assets and Derivative Trading Contracts fall into this category and are further described below:

Investment Portfolio Assets

Investment assets that are held by the Company with a long-term view to the ultimate realisation of capital gains are classified as investment portfolio assets and are stated at the Directors' estimate of their fair value determined in accordance with International Private Equity and Venture Capital Valuation Guidelines ("IPEVCVG") on the basis set out below. Investment portfolio assets are designated at fair value through profit or loss on initial recognition which is considered most appropriate as investment portfolio assets are assessed and evaluated on a fair value basis. Any gains or losses arising from subsequent changes in fair value are presented in the Statement of Comprehensive Income as they arise.

(i) Quoted investments for which an active market exists are valued at closing bid-market price at the reporting date.

(ii) Unquoted investments are measured at fair value by the Directors as follows:

- Investments in companies that are still in a development phase continue to be valued based on cost unless there have been more recent benchmark subscriptions and investments which give a guide to fair value ("Price of Recent Investment") or where there are factors that indicate a change in fair value has occurred..
- Once the business becomes established, investments are valued based on an estimate of the fair value for the investee company derived using methodologies which include applying an average sector earnings multiple to operating profits, valuation by reference to net asset base and discounted cash flows.

Notes to the Financial Statements (continued)

1. Principal accounting policies (continued)

Derivative Trading Contracts

Purchases and sales of derivative financial instruments are recognised at the trade date which is the date that the Company became a party to the contractual provisions of the instrument. The Company only trades in derivative financial instruments that are quoted in active markets and the related financial assets and liabilities are stated at fair value based on the quoted market prices of those instruments. Changes in the fair value of the derivative financial instruments are recognised in the Statement of Comprehensive Income as they arise.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- held under a business model objective to "hold to collect" the associated cash flows and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

In the periods presented the Company does not have any financial assets categorised as FVOCI.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'.

Instruments within the scope of the new requirements include loan commitments and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

1. Principal accounting policies (continued)

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

The Company's financial liabilities includes trade and other payables.

Cash, cash equivalents and short-term deposits

Cash and cash equivalents comprise cash in hand and deposits with banks that have a maturity of three months or less from the date of inception. Deposits that have a maturity greater than three months but less than a year from the date of inception are disclosed separately as short-term deposits.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current income tax is calculated on the basis of the tax rates and laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns in regard to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements in accordance with IAS 12 – 'Income Taxes'. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable nor the accounting profit or loss. Deferred tax assets and liabilities are calculated using tax rates and laws that have been substantively enacted at the reporting date.

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 Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

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

Notes to the Financial Statements (continued)

2. Segmental reporting

Sarossa's operating segments are reported based on the financial information provided to the Board, which is used to make strategic decisions. The Directors are of the opinion that under IFRS 8 – 'Operating segments' the Company has only one reportable segment, being Gross Investment return.

The Board assesses the performance of the operating segment based on financial information which is measured and presented in a manner consistent with that in the financial statements.

The principal sources of revenue for the Company in the two years ended 30 June were:

	2021 £'000	2020 £'000
Unrealised gain on revaluation of portfolio investments	7,804	7,903
Gain on disposal of portfolio investments	948	343
Gain on portfolio investments	8,752	8,246
Dividend income	136	151
Other income	51	–
Gross investment return	8,939	8,397

Geographic Information

Portfolio return and revenue from external customers were:

	2021 £'000	2020 £'000
Jersey (country of domicile)	8,939	8,397

The location is based upon either the location of the customer or the country in which the gain or loss on investments is recognised.

3. Directors' emoluments

Directors' emoluments receivable by Directors of Sarossa Plc from the Company are as follows:

	2021 £'000	2020 £'000
Aggregate emoluments		
Gross emoluments and benefits	295	294
Highest-paid Director		
Emoluments and benefits	133	132

4. Employee information

The monthly average number of persons, (excluding non-executive Directors who are engaged on service agreements), employed by the Company during the year was:

	2021	2020
By activity		
Administration	3.33	3.00

The cost relating to the above employees and all Directors including non-executive Directors is as follows:

	2021 £'000	2020 £'000
Staff costs		
Wages and salaries	384	369
Social security costs	12	11
Employee benefit	23	22
	419	402

5. Finance income

	2021 £'000	2020 £'000
On cash and cash equivalents	–	2
Total interest income	–	2

6. Operating profit

The following items have been charged in arriving at the operating profit:

	2021 £'000	2020 £'000
Auditors' remuneration (see below)	11	11
Auditors' remuneration		
Fees payable to Company auditor for the audit of the Company financial statements	8	10
Tax services	3	1
	11	11

Notes to the Financial Statements (continued)

7. Taxation

a) Tax charges and credits in the Income Statement

	2021 £'000	2020 £'000
Current tax on result for the year	–	–
Deferred tax	–	–
Tax charge for the year	–	–

The tax on the Company's profit or loss before tax does not differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows:

	2021 £'000	2020 £'000
Factors affecting the tax charge for the year:		
Jersey (country of domicile)		
The tax assessed for the year per the standard rate of income tax as explained below:		
Profit on ordinary activities before taxation	7,891	7,791
Result on ordinary activities multiplied by the standard rate of income tax at nil per cent	–	–
Jersey tax charge for the year	–	–

8. Earnings per share

Earnings per ordinary share	2021	2020
Profit for the year (£'000)	7,891	7,791
Weighted average number of shares	39,962	39,962
Basic earnings per ordinary share	£197.46	£194.97
Diluted earnings per ordinary share	£197.46	£194.97

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue during the year to assume conversion of all dilutive potential ordinary shares. There were no dilutive potential ordinary shares in issue at 30 June 2021 (30 June 2020: nil).

9. Portfolio investments

	Quoted Equity Shares £'000
Fair value at 30 June 2019	10,838
Additions in the year	5,612
Investment disposals	(5,273)
Unrealised gain on the revaluation of investments	7,903
Fair value at 30 June 2020	19,080
Additions in the year	1,602
Investment disposals	(1,669)
Unrealised gain on the revaluation of investments	7,804
Fair value at 30 June 2021	26,817

10. Other receivables

	2021 £'000	2020 £'000
Other receivables	13	13
Prepayments and accrued income	17	16
	30	29

The Company considers that the carrying amount of other receivables approximates to their fair value. No impairment has been recognised on any receivable amounts and none are past due at the date of the financial statements.

11. Trade and other payables

	2021 £'000	2020 £'000
Trade payables	5	4
Other payables	13	8
Accruals	415	16
	433	28

The Company considers that the carrying amount of trade and other payables approximates to their fair value.

Notes to the Financial Statements (continued)

12. Financial risk & capital management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The management of these risks is vested in the Board of Directors. The policies for managing each of these risks are summarised below:

Management of market risk

i) Price risk

The Company is exposed to market price risk in respect of its portfolio investments and its derivative financial instruments. The Company mitigates this risk by having established investment appraisal processes and asset monitoring procedures which are subject to overall review by the Board.

The Company has in place procedures and levels of authority designed to control the level of commitments, either in single investments or in aggregate.

Details of the movements in the Company's investment portfolio are given in note 9 to the financial statements.

Price risk sensitivity

The table below summarises the impact on the Company's profit before taxation for the year and on equity of a 10 per cent increase/decrease in the underlying share price of the investment portfolio. The price sensitivity of 10 per cent represents management's estimate of the premium/discount that may be achieved on sale of investment portfolio assets relative to the closing bid market price.

Impact of 10 per cent price change

	2021 £'000	2020 £'000
Portfolio investments	2,682	1,908

ii) Interest rate risk

The Company has no borrowings and as such the risk is limited to the impact of interest received on cash surpluses held. Interest rate risk is managed in accordance with the liquidity requirements of the Company, with a minimum appropriate level of its cash surpluses held within an instant access account, which has a variable interest rate attributable to it, to ensure that sufficient funds are available to cover the Company's liquidity needs.

Interest rate sensitivity

The principal impact to the Company is the result of interest-bearing cash and short-term deposit (cash equivalent) balances held as set out below. The sensitivity is based on the maximum expected market volatility in the current climate and the previous 12 months.

		2021			2020	
	Fixed rate £'000	Floating rate £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Total £'000
Cash, cash equivalents and short-term deposits	764	–	764	206	–	206

At 30 June 2021, the impact of a 5 per cent increase or decrease in interest rates would have increased/decreased the profit for the year and equity by an immaterial amount as a result of higher/lower interest received on floating rate cash deposits.

12. Financial risk & capital management (continued)

iii) Currency risk profile

In prior periods, the Company had a limited level of exposure to foreign exchange rate risk through its foreign currency denominated cash balances and trade receivable balances, however this is no longer the case as shown below. The Company manages its foreign exchange risk at Board level.

	Cash and cash equivalents 2021 £'000	Trade & other receivables 2021 £'000	Cash and cash equivalents 2020 £'000	Trade & other receivables 2020 £'000
GB Pounds Sterling	764	13	206	13
	764	13	206	13

Foreign exchange risk sensitivity

No foreign exchange risk sensitivity is presented given the relatively insignificant level of cash balances denominated in foreign currencies and any increase/decrease in the relevant foreign exchange rates versus the pound sterling rate would have an immaterial impact on the pre-tax result for the year and on equity.

Management of credit risk

The Company's principal financial assets are portfolio investments and bank balances. The credit risk associated with other receivables is considered to be minimal as the balances are due from counterparties with no history of default.

The Company seeks to limit the level of credit risk on the cash balances by only depositing surplus liquid funds at counterparty banks with high credit ratings.

The credit risk associated with portfolio investments is considered minimal.

Credit risk sensitivity

	2021 £'000	2020 £'000
Cash, cash equivalents and short-term deposits		
A	38	45
No rating provided*	726	161
	764	206

* These monies are held with reputable international brokerages.

Notes to the Financial Statements (continued)

12. Financial risk & capital management (continued)

The maximum exposure to credit risk on the Company's financial assets is represented by their carrying amount, as outlined in the categorisation of financial instruments table below:

	Amortised cost £'000	Fair value through profit and loss £'000	Total £'000
Portfolio investments	–	26,817	26,817
Other receivables	13	–	13
Cash and cash equivalents	764	–	764
Trade and other payables	(433)	–	(433)
Net total at 30 June 2021	344	26,817	27,161
Portfolio investments	–	19,080	19,080
Other receivables	13	–	13
Cash and cash equivalents	206	–	206
Trade and other payables	(28)	–	(28)
Net total at 30 June 2020	191	19,080	19,271

The Company does not consider that any changes in the fair value of financial assets in the year are attributable to credit risk.

Portfolio investments are valued at closing bid market price at the reporting date and are all classed as Level 1 investments.

No aged analysis of financial assets is presented as no financial assets are past due at the reporting date.

Management of liquidity risk

The Company seeks to manage liquidity risk to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Company deems there is sufficient liquidity for the foreseeable future.

No maturity analysis for financial liabilities is presented as the Directors consider that liquidity risk is not material.

The Company had cash, cash equivalents and short-term deposits at 30 June 2021 as set out below:

	2021 £'000	2020 £'000
Instant access	764	206
Maturing in 1 – 3 months	–	–
	764	206

12. Financial risk & capital management (continued)

Capital Management

The Company's policy is to maintain a strong capital base. The Company manages all elements of shareholder's equity as financial capital, and seeks to increase this figure as a stated business objective over the medium to long term. The Company is entirely equity financed with no external capital requirements imposed upon it. In order to preserve capital the Company maintains a balanced investment portfolio and appropriate levels of cash and cash equivalents in order to remain liquid and take advantage of market opportunities as they arise. The Company's net asset value is monitored on an ongoing basis.

	30 June 2021 £'000	30 June 2020 £'000
Capital (net assets/shareholders' equity)	27,178	19,287
Increase from prior year	40.9%	67.8%

13. Share capital

Ordinary Shares	Number	£'000
Authorised ordinary shares		
At 30 June 2021 and 30 June 2020 (ordinary shares of £100)	100,000	10,000
Allotted, issued and fully paid ordinary shares		
At 30 June 2021 and 30 June 2020 (ordinary shares of £100)	39,962	3,996

A consolidation of the Company's ordinary share capital took place on 29 October 2018 on the basis of one new ordinary share of £100 for every ten thousand existing ordinary shares of 1p held.

14. Equity capital and merger reserve

	Share Capital £'000	Capital Redemption Reserve £'000
30 June 2020	3,996	2,398
At 30 June 2021	3,996	2,398

The capital redemption reserve arose on historic buybacks of the Company's own shares.

15. Retained earnings surplus

	2021 £'000	2020 £'000
At 1 July	12,893	5,102
Profit for the year	7,891	7,791
At 30 June	20,784	12,893

Notes to the Financial Statements (continued)

16. Related party transactions

Transactions with related parties:
Purchases from and sales to related parties are made at normal market prices. When balances are outstanding at the year-end, these are unsecured, interest free and settlement occurs in cash.

There were no costs charged through the Statement of Comprehensive Income in respect of related parties during the financial year ended 30 June 2021 (2020: nil). Related party other income of £15,000 was received in the year (2020: nil). This was received from Hardy Plc, a company of which Mike Bretherton is a director and which also has the same controlling shareholder as Sarossa. This other income was in respect of financial and operational support provided to Hardy Plc. No amounts remained outstanding at the year end (2020: nil outstanding).

Directors' remuneration.
The remuneration and benefits of the individual Directors is provided in the Directors' Report on page 8 and is also disclosed in Note 3. The Directors are also considered to be the key management of the Company.

17. Ultimate controlling party

At 30 June 2021 Richard Griffiths is considered to be the ultimate controlling party by virtue of his shareholding.

18. Events after the balance sheet date

No events or transactions, other than in the ordinary course of business, took place between 30 June 2021 and the date of issuance of this annual report, which required adjustment to or disclosure in these financial statements.

The impacts of the Covid-19 virus outbreak continue to weigh on the global economy. Uncertainty remains as to if the Covid-19 outbreak will continue to evolve, and what measures governments shall take to mitigate the spread. The Directors will continue to closely monitor the ongoing impact of Covid-19 on the Company's operations and the investment assets. This is considered to be a non-adjusting post balance sheet event and no adjustment for any changes after the year-end have been reflected in the financial statements.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2020 Annual General Meeting of Sarossa Plc (the "**Company**") will be held at 11.00 a.m. on 30 November 2021 at the Company's registered office at Floor 1 Liberation Station, The Esplanade, St Helier, Jersey, JE2 3AS for the following purposes:

ORDINARY BUSINESS

1 To receive and consider the Directors' Report, the audited Financial Statements and Independent Auditors' Report for the year ended 30 June 2021.

2 To consider and, if thought fit, to approve the re-appointment of Richard Griffiths as a director of the Company, who retires pursuant to the articles of association of the Company (the "**Articles**") and who is recommended by the board of directors of the Company (the "**Board**") for re-appointment.

3 To consider and, if thought fit, to approve the re-appointment of Grant Thornton Limited as auditors of the Company and to authorise the Board to determine their remuneration.

SPECIAL BUSINESS

As special business to consider and, if thought fit, pass the following resolutions, of which resolution 4 will be proposed as an ordinary resolution and resolution 5 will be proposed as a special resolution:

Allotment of shares

4 **THAT** the Board be hereby generally and unconditionally authorised, in substitution for all previous powers granted to it, pursuant to article 5.3 of the Articles to exercise all the powers of the Company to allot and make offers to allot relevant securities (as defined in article 5.11 of the Articles) up to an aggregate nominal amount of £1,332,066.67 provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the annual general meeting of the Company to be held in 2022 or 31 December 2022 (whichever is earlier) save that the Company may before such expiry make an offer or enter into an agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

Disapplication of pre-emption rights

5 **THAT** the Board be authorised and empowered, in substitution for all previous power granted to it, pursuant to article 5.10 of the Articles to allot equity securities (as defined in article 5.11 of the Articles) for cash pursuant to the authority referred to in resolution 4 above as if articles 5.4 to 5.8 of the Articles do not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:

5.1 on a pro rata basis to the holders of ordinary shares in the Company where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under law or the requirements of any regulatory body or any recognised stock exchange in any territory; and

5.2 up to an aggregate nominal amount of £799,240.00 otherwise than pursuant to paragraph 5.1 above,

and this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the conclusion of the annual general meeting of the Company to be held in 2022 or 31 December 2022 (whichever is earlier) save that the Company may before such expiry make an offer or enter into an agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

On behalf of the Board

Sarossa Plc
Registered office:
Floor 1 Liberation Station
The Esplanade
St Helier
Jersey
JE2 3AS

James Sutcliffe
Company Secretary

7 October 2021

Notice of Annual General Meeting (continued)

EXPLANATORY NOTES TO THE NOTICE OF AGM

Entitlement to attend and vote

1 The Company specifies that only those members registered on the Company's register of members at:

- 11.00 a.m. on 26 November 2021; or,
- if this Meeting is adjourned, at 11.00 a.m. on the day two working days prior to the adjourned meeting (not counting non-working days), shall be entitled to attend and vote at the Annual General Meeting (the "**Meeting**").

Voting rights

2 On a show of hands at a general meeting of the Company every holder of shares present in person and entitled to vote, and every proxy duly appointed by a member entitled to vote, has one vote and on a poll every member present in person or by proxy and entitled to vote has one vote for every share held.

Appointment of proxies

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

4 A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the chairman of the Meeting (the "**Chairman**") or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

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

Appointment of proxy using hard copy proxy form

6 The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed (although no voting indication need be given if you wish your proxy to exercise their discretion) and signed;
- sent or delivered to Neville Registrars, Neville House, Steelpark Road, Halesowen, B62 8HD; and received by Neville Registrars no later than 11.00 a.m. on 26 November 2021.

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

Any power of attorney or any other authority under which the proxy form is signed (or a copy of such power or authority certified notarially or in some other way approved by the board of directors of the Company) must be included with the proxy form.

Appointment of proxy by joint members

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

Changing proxy instructions

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

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, but have not retained a copy of the blank proxy form, please contact Neville Registrars, Neville House, Steelpark Road, Halesowen, B62 8HD.

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

Termination of proxy appointments

9 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment as above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a copy of such power or authority certified notarially or in some other way approved by the board of directors of the Company) must be included with the revocation notice.

The revocation notice must be received by Neville Registrars no later than 11.00 a.m. on 26 November 2021. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

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

Issued shares and total voting rights

10 As at 6.00 p.m. on 7 October 2021, the Company's issued ordinary share capital comprised 39,962 ordinary shares of £100 each. Each ordinary share carries the right to one vote at a general meeting of the Company.

Quorum

11 The quorum for the Meeting is not less than two shareholders present either in person or by proxy. The majority required for the passing of each of the ordinary resolutions is a simple majority of the total number of votes cast on each such ordinary resolution. The majority required for the passing of each of the special resolutions is three-quarters of the total number of votes cast on each such special resolution.

12 At the Meeting the votes may be taken on the resolutions by a show of hands or on a poll. On a show of hands every shareholder whether present in person or by proxy has one vote. On a poll every shareholder who is present, in person or by proxy, shall have one vote for every ordinary share held. A shareholder entitled to more than one vote need not use all of their votes or cast all of their votes in the same way.

13 To allow effective constitution of the meeting, if it is apparent to the Chairman that no shareholders will be present in person or by proxy, other than by proxy in the Chairman's favour, then the Chairman may appoint a substitute to act as proxy in his stead for any shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.

Documents on display

14 The following documents will be available for inspection at the registered office of the Company during normal business hours on any business day and will be available for inspection at the place where the meeting is being held from 15 minutes prior to and during the Meeting:

a. copies of the service contracts of executive directors of the Company; and

b. copies of letters of appointment of the non-executive directors of the Company.

Notes

SAROSSA

SAROSSA PLC
Floor 1 Liberation Station
The Esplanade
St Helier
Jersey
JE2 3AS

Incorporated in Jersey
with registered no. 115158