



FILLETED ANNUAL REPORT

for the Year Ended 31 March 2021 for Shawpoint Ltd.



Shawpoint Ltd.

STRATEGIC REPORT

for the Year Ended 31 March 2021

OUR STORY

Shawpoint is an independent corporate finance firm offering clients investment banking services for listed businesses and unlisted small and medium sized enterprises (SMEs, or, the middle and lower mid-market). These services include M&A buy-side and sell-side, private market capital raising, and debt advisory. Our SME clients are largely founder-led, sub-£200m valued businesses.

The ethos of the firm is different to other M&A providers. We place outperformance for clients ahead of our own surety of income.

The firm addresses the needs of clients whose companies are often overlooked or poorly served by investment banks and boutique investment banks. Many of our clients are 'un-investment banked'. We believe this is an important part of the economy to support and enable. Providing these value-adding services is a significant growth opportunity for Shawpoint.

Our logo conveys and reminds us of our intention: **to provide investment banking services and City access for SMEs.**

BUSINESS REVIEW

Shawpoint has seen strong growth during the financial year. Revenue has increased by a factor of three reflecting growth in the size of transactions as well as the number of transactions Shawpoint helped its clients close. Additionally, we are anticipating significant growth in the next financial year.

PRINCIPAL RISKS AND UNCERTAINTIES

Credit Risk

The firm's primary credit risk are its banks (the firm's cash balance) and debtors:

- ▣ Barclays Bank Plc (S&P: A, Moody's: A1, Fitch: A+);
- ▣ Metro Bank (Fitch: B+); and
- ▣ Trade debtors.

Where the firm's remuneration from clients is success fee based this is paid at the end of a client business sale or fund raise, which is when the client will have cash to make payments due the firm.

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STRATEGIC REPORT (Continued) for the Year Ended 31 March 2021

For the minority of the firm's work, which is consultancy, the firm is usually paid on a Net 15 basis and not later than a Net 30 basis.

Foreign Exchange Risk

The firm's predominant cost base is salaries due in GBP. The firm maintains GBP and EUR bank accounts and 100% percent of revenue was GBP in this financial year.

Interest Rate Risk

The firm has no debt and maintains a positive balance in its bank accounts. The possibility of negative interest rates would not have a material effect on the firm's financial situation.

Inflation Risk

Inflation has increased over the year and the growth of the underlying drivers appear to be likely to be a notable risk in the coming years. However, the valuation of companies also generally rises and therefore the firm's remuneration.

Derivative Risk

The firm has no derivative exposure.

Political Involvement

The firm made no political donations (2021: £ nil). The firm has no intention of donating to political parties or politicians in the future.

Charitable Donations

The firm made a donation of £1,000 to the Bishop Wordsworth School Foundation charity, which supports Bishop Wordsworth's School with financial assistance to financially disadvantaged children applying for (and studying at) the school.

The firm's Chief Executive is a trustee of the school's Foundation.

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STRATEGIC REPORT (Continued) for the Year Ended 31 March 2021

Chief Executive's Report

During the Covid-19 pandemic I had the opportunity to read Niall Ferguson's biography of Sir Siegmund Warburg, *'High Financer: The Life and Times of Siegmund Warbug'*. Warburg built a refined, highly successful post-war merchant bank from nought by providing innovative solutions and high-quality advice. Warburg's culture revolved around the client while being cognisant of the post-War changing economy and society.

Culture dictates the behaviour and therefore success of an organisation.

The firm has grown phenomenally this year: advising two UK unicorns and a number of private firms. Among these mandates the firm was chosen over the Street (or 'bulge bracket' firms) as a debt advisor to a UK financial institution, and separately for another mandate but similarly in a competitive process over ten peers (which included the UK's leading boutiques and investment banks).

When asked for feedback our potential clients and engaged clients cite our approach as refreshing, having shown intellectual dexterity and aggression to solve their problems.

The firm has outperformed its strategic intentions stated in the 2020 Annual Report and also ends March 2021 engaged and mandated with more potential deal fees for 2022 than 2021.

Deal Origination

The firm continued to originate business from referrals from the principals of corporates it has advised (engagements) and from friends of the firm.

The firm intends to continue originating in this manner.

Execution

Exceeding our clients' requirements has borne significant new opportunities for the firm's engagement pipeline. We continue to put clients' execution requirements above our own.

The firm's revenues have increased over 170% from the previous year despite the societal and economic impacts of Covid. The firm sees further growth next year from the strong deal pipeline.

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STRATEGIC REPORT (Continued) for the Year Ended 31 March 2021

Financials

The firm has helped our clients achieve their financing objectives in diverse and difficult circumstances. This work includes:

- ✦ Cross-border transactions involving multiple governing laws
- ✦ Corporate strategic investment and acquisitions
- ✦ Two unicorns
- ✦ FTSE 250 firm
- ✦ Debt advisory for a bank and corporates

Our investor base network includes:

- ✦ Sovereign wealth funds
- ✦ Corporate strategic investors
- ✦ Private equity funds
- ✦ Family offices

Expertise

Throughout the year the firm increased the breadth of domain knowledge and experience in its London team which now comprises seven people. This team includes a senior in-house compliance professional, which only a handful of City corporate finance firms maintain.

Shawpoint has provided the following advice to clients during the year:

- ✦ Privately raised equity
- ✦ Private debt raising and structuring
- ✦ M&A: sell-side and buy-side mandates
- ✦ Corporate restructuring

The firm does not undertake primary distribution or secondary client activity in the public equity markets or underwriting activities. The firm has no plans to provide these services.

Culture and Standards

The culture of a firm is the primary driver of its success. We regard culture as the behaviour someone will undertake in the absence of direction. Culture is the set of values that the everyone in

Shawpoint Ltd.

STRATEGIC REPORT (Continued) for the Year Ended 31 March 2021

the firm universally values and undertakes. Explaining, developing and enshrining culture is critical to the firm.

The firm became accredited by 'Investors in People' following a successful external audit in March 2020. This resulted in a number of improvements to our internal processes. The firm will be externally audited periodically to maintain this accreditation.

Financial Management

The prudent running of our firm provides our clients trust in our delivery. Ensuring our own financial sustainability in the case of the worst economic and financial shocks (while reducing our returns in the short term) maximises our long-term stability and execution ability through the most strenuous challenges. Despite the effects of Covid-2019 the firm used no support schemes and our prudent financial approach ensured smooth operations.

The firm adheres to three financial maxims:

- ✦ Maintain sufficient capital to fulfilling all financial obligations both internally and externally, and maintain necessary staff to fulfil client obligations for 9 months, even in the extreme shock situation of having no revenue during that period;
- ✦ No debt borrowing will be incurred (nor factoring);
- ✦ Payment of valid, commercial invoices within 30 days.

The firm promptly pays suppliers for their goods and services as a matter of reputable good practice.

Covid-2019

The UK government made considerable efforts to support businesses during the Covid-2019 pandemic. This has included support from HMRC and the Bank of England. Shawpoint has not applied for any Covid-2019 financial support schemes and has not knowingly received any such benefits. This includes, but is not limited to:

- ✦ Coronavirus Business Interruption Loan Scheme (CBILS)
- ✦ Bounce Back Loan Scheme (BBLs)
- ✦ HMRC's Furlough Scheme
- ✦ VAT deferment

Shawpoint has not furloughed any staff nor reduced headcount.

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STRATEGIC REPORT (Continued) for the Year Ended 31 March 2021

Corporate Governance

The firm will soon be ten people and proportionality is required when developing corporate governance as the firm grows.

The firm's business continuity plan (BCP) was put to test and executed without problem when Covid-2019 affected the UK. The firm began decentralised working (largely from home) which was implemented two weeks prior to the UK government's 'lockdown' instruction of March 26th, 2020.

The board is committed to the fiduciary requirements of its regulator, the Financial Conduct Authority, and to its duty of care to its clients.

For 2021 the firm sought to:

- ▣ Seek ISO 9001:2015 (Quality Management) Accreditation
- ▣ Establish a Risk Committee
- ▣ Consider the appointment of a Senior Independent Director (SID)

The firm has achieved and outperformed these objectives by:

- ▣ **Achieving ISO 14001 Environment Management Accreditation**
- ▣ **Achieving ISO 9001 Quality Management Accreditation**
- ▣ **Audited and re-confirmed to be Investors in People compliant**

The firm will look to annually renew all of the above.

Independent Auditors & Audit Policy

The firm has appointed Mazers LLP as auditors for the financial statements for the 2021 annual report. Companies House and the Financial Conduct Authority do not require Shawpoint to be audited but the firm has chosen to do this for transparency to our prospective and engaged clients.

Further, as part of wider corporate governance best practice it is and will be the policy of the firm to change its independent auditors every three years to ensure truly independent scrutiny.

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STRATEGIC REPORT (Continued) for the Year Ended 31 March 2021

Business Growth

The firm has grown well and we are fortunate to have more organic opportunities in our pipeline than we can undertake.

We will remain focused on our expertise and plan to continue organic growth servicing the ‘un-investment banked’. There is the possibility to grow overseas and within the UK (i.e. a second office outside of London). The firm is also actively considering ways to enable support for younger stage firms.

ENVIRONMENTAL, SOCIAL, GOVERNANCE REPORT

Carbon Neutral

Shawpoint understands ‘Carbon Neutral’ as a term to describe carbon emissions caused by the firm such as from running offices and travel have been balanced out by funding an equivalent amount of carbon savings.

The firm uses Carbon Footprint to calculate the carbon created by Shawpoint’s activities and subsequent offsetting requirements. Carbon Footprint is a UK incorporated company adhering to ISO 9001 and ISO 14001 (Environmental Management) standards used by SMEs, public sector entities and Blue-Chip companies.

In the financial year 2021 the firm generated the following emissions from its offices in London, staff working from home (due to Covid), and staff work-related travel (which included no air travel due to Covid restrictions):

	Carbon Footprint (tonnes CO2e)	
	2021 (Covid)	2020
Offices (+ WFH [^])	3.90	5.16
Travel*	0.40	1.84
TOTAL	4.30	7.01
TOTAL/STAFF	1.07	1.17

[^]Work from home (WFH);

*For aviation travel calculations the firm uses “radiative forcing” methodology, which results in a conservative, higher carbon footprint calculation.

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STRATEGIC REPORT (Continued) for the Year Ended 31 March 2021

The firm is pleased with its reduction in CO2 emissions over the previous year however we do expect this to increase in the future as working from home is reduced.

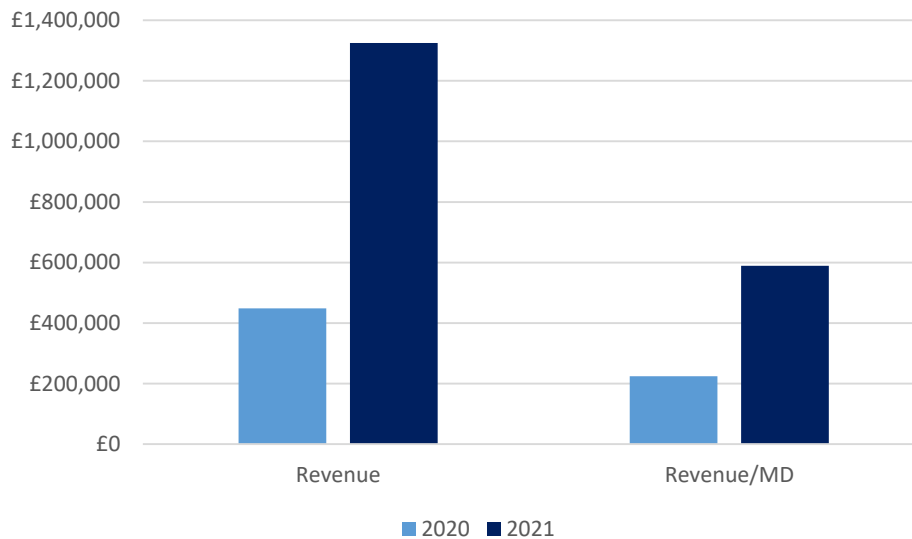
The firm more than offset its carbon footprint by financing the planting of 5 tonnes CO2e of broad leaf trees in the South West of England in April 2021.

Career Enablement

The firm provides internships to undergraduates and graduates. This provides an opportunity for motivated individuals to experience the City and improve their employment opportunities.

Financial Highlights

The graph below shows a year-on-year comparison of revenue as well as a comparison of revenues per managing director. The increase in both total revenue and revenue per managing director have contributed to a 268% increase in the company's net profit margin.



Shawpoint Ltd.

REPORT OF THE DIRECTORS for the Year Ended 31 March 2021

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of corporate finance advisory services. The company is authorised and regulated by the Financial Conduct Authority.

PLANS FOR FUTURE PERIODS

No significant changes are anticipated in the immediate future. The directors will continue to assess relevant opportunities to grow the company provided they are consistent with the company's business strategy and direction.

DIRECTORS

Jon Shaw and Mike Kaladeen have held office during the whole of the period from 1 April 2020 to the date of this report.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; 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

Shawpoint Ltd.

REPORT OF THE DIRECTORS (Continued) for the Year Ended 31 March 2021

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.

MATTERS COVERED IN THE STRATEGIC REPORT

The Directors have included the business review and consideration of risk management within the strategic review

DISCLOSURE OF INFORMATION TO AUDITOR

In so far as the Directors are aware:

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

AUDITOR

The auditor, Mazars LLP, who were appointed after the year end, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

SMALL COMPANIES NOTE

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

ON BEHALF OF THE BOARD:



Jon Shaw

Director

Date: **29/03/2022**

Shawpoint Ltd.

STATEMENT OF COMPREHENSIVE INCOME for the Year Ended 31 March 2021

	NOTES	2021 £	2020 (Unaudited) £
REVENUE		1,324,453	448,786
Cost of sales		<u>135,625</u>	<u>46,157</u>
GROSS PROFIT		1,188,828	402,629
Administrative expenses		<u>488,464</u>	<u>210,313</u>
OPERATING PROFIT	4	700,364	192,316
Interest receivable and similar income		<u>1</u>	<u>5</u>
		700,365	192,321
Interest payable and similar expenses		<u>-</u>	<u>57</u>
PROFIT BEFORE TAXATION		700,365	192,264
Tax on profit	5	<u>133,858</u>	<u>38,490</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>566,508</u></u>	<u><u>153,774</u></u>

Shawpoint Ltd.

BALANCE SHEET for the Year Ended 31 March 2021

	Notes	2021 £	2020 (Unaudited) £
CURRENT ASSETS			
Debtors	8	200,337	16,050
Cash and cash equivalents		457,007	136,406
		<u>657,344</u>	<u>152,456</u>
CREDITORS			
Amounts falling due within one year	9	393,044	109,024
		<u>264,300</u>	<u>43,432</u>
NET CURRENT ASSETS			
		<u>264,300</u>	<u>43,432</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>264,300</u>	<u>43,432</u>
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Profit and loss account	11	264,200	43,332
		<u>264,300</u>	<u>43,432</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime, and in accordance with the provisions of FRS102 1A, small entities. The company has opted not to file the statement of changes in equity in accordance with the provisions applicable to the small companies' regime.

The financial statements were approved by the Board of Directors and authorised for issue on 28th March 2022 and were signed on its behalf by:



Jon Shaw - Director

Date: 29/03/2022



Mike Kaladeen - Director

Date: 29/03/2022

Shawpoint Ltd.

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 March 2021

1. STATUTORY INFORMATION

Shawpoint Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention. The financial statements for the year ended 31 March 2020 were not audited as an audit was not required.

The financial statements are prepared in sterling which is the functional currency of the company and balances in the financial statements are rounded to the nearest £.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors have adopted the going concern basis of accounting in preparing the financial statements.

Turnover

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue consists of retainer fees and success fees. Retainer fees, which are billed in monthly in arrears, are recognised on a time apportioned basis with unbilled amounts being included within accrued income.

Success fees are recognised in full on completion of a transaction. Fees linked to earn-out arrangements are recognised when the conditions of the earn-out have been met.

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NOTES TO THE FINANCIAL STATEMENTS (Continued) for the Year Ended 31 March 2021

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and deposits held at call with banks.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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NOTES TO THE FINANCIAL STATEMENTS (Continued) for the Year Ended 31 March 2021

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the statement of comprehensive income in the period to which they relate.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (Continued) for the Year Ended 31 March 2021

Recognition of success fees

Success fees in all cases, as explained in note 1, are recognised only on completion of a transaction. It is the judgement of the directors that to recognise any amounts earlier (for example on the signing of a transaction) would be inappropriate as it only at the final closing of a transaction that all conditions attached to the transaction have been fully satisfied and the company is entitled to its fee. Such uncertainty, outside of the company's control, means that the recognition criteria for revenue are not met until the final closing of a transaction. As success fees represent a significant proportion of the company's revenue, this is considered a key area of judgement.

4. OPERATING PROFIT

The operating profit is stated after charging:

	2021	2020 (Unaudited)
	£	£
Auditor's Remuneration	<u>9,500</u>	<u>NIL</u>

5. TAXATION

	2021	2020 (Unaudited)
	£	£
Current tax on profits for the year	<u>133,858</u>	<u>38,490</u>

6. EMPLOYEES AND DIRECTORS

The average number of employees including Directors during the year was 5 (2019 - 3).

Shawpoint Ltd.

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the Year Ended 31 March 2021

7. DIRECTORS EMOLUMENTS

	2021	2020 (Unaudited)
	£	£
Director's emoluments	311,418	77,462
Company Pension contributions	712	802
	<u>312,130</u>	<u>78,264</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020 (Unaudited)
	£	£
Trade debtors	195,914	-
Prepayments and accrued income	4,423	15,000
Other debtors	16,050	1,050
	<u>200,337</u>	<u>16,050</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020 (Unaudited)
	£	£
Corporation Tax	138,336	38,492
Other Taxes and Social Security	235,000	45,532
Other creditors	19,708	25,000
	<u>393,044</u>	<u>109,024</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued) for the Year Ended 31 March 2021

10. SHARE CAPITAL

	2021	2020 (Unaudited)
	£	£
Allotted, called up and fully paid		
10,000 (2020: 10,000) Ordinary shares of £0.01 each	100	100
	<hr/>	<hr/>

11. RESERVES

Profit and loss account: This reserve includes all current and prior period retained profits and losses net of dividends paid.

12. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charged to the statement of comprehensive income was £1,203 (2020: £ 669).

13. RELATED PARTY TRANSACTIONS

Included within other creditors is a balance of £3,565 due to Jon Shaw, Director. This sum is interest free.

14. ULTIMATE CONTROLLING PARTY

Jon Shaw is the ultimate controlling party by virtue of his shareholding.

15. POST BALANCE SHEET EVENTS

On 24 February 2022 Russian Forces entered Ukraine, resulting in Western Nation reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance

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NOTES TO THE FINANCIAL STATEMENTS (Continued) for the Year Ended 31 March 2021

sheet event with the greatest impact on the business expected to be from the economic ripple effect on the global economy/ business interests in Russia/ Ukraine directly impacted by the hostilities and/or sanctions.

16. AUDITOR'S INFORMATION

The Auditor's report on the financial statements for the year ended 31st March 2021 was unqualified.

The Auditor's report was signed on 28th March 2022 by Fiona Martin (Senior Statutory Auditor) on behalf of Mazars LLP.