RNS Number : 7034N
Dukemount Capital PLC
11 August 2017

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Dukemount Capital Plc

("Dukemount" or the "Company")

Final Results for the year ended 30 April 2017

Dukemount Capital Plc (LSE: DKE), a business formed for the purpose of acquiring, developing and managing real estate portfolios specialising mainly in the supported living and hotels sector, reports its Final Results for the year ended 30 April 2017.

All financial amounts are stated in GBP British pounds unless otherwise indicated.

Chairman's Statement

I hereby present the annual financial statements for the year ended 30th April 2017. During the year the Company reported a loss of £177,149 (30 April 2016 - loss of £46,077) which arose predominantly from professional fees in connection with the admission of the Ordinary Shares of the Company to the Official List of the UK Listing Authority by way of a standard listing on 29th March 2017. As at the Statement of Financial Position date the Company had £593,406 of cash balances.

Following its listing, the Company has continued to focus on completing a transaction in the supported living property sector which may likely involve institutional investors and a joint venture with a financial partner within its stated area of the supported living and hotel sectors. The target areas include the acquisition, development and/or management of a portfolio of properties. The Company informed the Market on 25th May 2017, and again on 7th August, of its agreement with a Housing Association to identify suitable properties. The Board continues to review a number of projects and will make further announcements on progress once it is appropriate to do so.

I would like to thank all those who have assisted in relation to the recent listing including the shareholders for their support and look forward to a positive year ahead.

Geoffrey Dart

Executive Chairman

Statement of Comprehensive Income

Continuing operations	Note	2017 £	2016 £
Revenue		-	-
Administrative expenses	11	(167,470)	(46,077)
Operating loss		(167,470)	(46,077)
Loss on disposal of available for sale financial asset	6	(9,679)	-
Loss before taxation		(177,149)	(46,077)
Income tax	3	-	-
Loss for the year attributable to equity owners		(177,149)	(46,077)
Other Comprehensive Income:			
Items that may be subsequently reclassified to profit or loss:			
Change in fair value of available for sale financial assets	6	800	(6,400)
Reclassification of cumulative loss on available for sale financial assets on disposal	6	17,200	-

	Note		
Total comprehensive income for the year attributable to the equity owners		(159,149)	(52,477)
Earnings per share attributable to equity owners			
Basic and diluted (pence)	5	(0.099)	(0.030)

The notes to the financial statements form an integral part of these financial statements.

Statement of Financial Position

Company Registration Number: 08401609

	Note	30 April 2017	30 April 2016
		£	£
Assets			
Current Assets			
Available for sale financial assets	6	25,000	27,000
Trade and other receivables	7	41,793	3,926
Cash and cash equivalents		593,406	37,369
Total Assets		660,199	68,295
Equity and Liabilities			
Equity			
Share capital	8	338,300	152,500
Share premium	9	731,537	196,500
Share based payments reserve		30,499	23,308
Retained earnings		(467,012)	(307,863)
		633,324	64,445
Current Liabilities			
Trade and other payables	14	26,875	3,850

Total Equity and Liabilities	660,199	68,295

The notes to the financial statements form an integral part of these financial statements.

Statement of Changes in Equity

	Attributable to equity shareholders				
	Share Capital	Share premium	Share based payments reserve	Retained earnings	Total
	£	£	£	£	£
Balance as at 1 May 2015	152,500	196,500	23,308	(255,386)	116,922
Loss for the year	-	-	-	(46,077)	(46,077)
Other comprehensive income					
Change in fair value of available for sale financial assets	-	-	-	(6,400)	(6,400)
Total comprehensive income for the year	-	-	-	(52,477)	(52,477)
Balance as at 30 April 2016	152,500	196,500	23,308	(307,863)	64,445

Loss for the year	-	-	-	(177,149)	(177,149)
Other comprehensive Income					
Change in fair value of available for sale financial assets	-	-	-	800	800
Reclassification of cumulative loss on available for sale financial assets on disposal	-	-	-	17,200	17,200
Total comprehensive income for the year	-	-	-	(159,149)	(159,149)
Issue of ordinary shares	185,800	623,200	-	-	809,000
Issue costs	-	(88,163)	-	-	(88,163)
Share based payments	-	-	7,191	-	7,191
Total transactions with owners	185,800	535,037	7,191	-	728,028
Balance as at 30 April 2017	338,300	731,537	30,499	(467,012)	633,324

Share capital comprises the ordinary issued share capital of the Company.

Share Premium represents consideration less nominal value of issued shares and costs directly attributable to the issue of new shares.

Share based payments reserve represents the fair value of share based payments valued in accordance with IFRS 2.

Retained earnings represent the cumulative retained losses of the Company at the reporting date.

The notes to the financial statements form an integral part of these financial statements.

Statement of Cash Flows

	Note	2017	2016
		£	£
Cash Flows from Operating Activities			
Loss before taxation		(177,149)	(46,077)
Adjustments for:			
Loss on disposal of available for sale financial assets	6	9,679	-
Share based payment	10	7,191	-
Changes in working capital:			
(Increase)/Decrease in trade and other receivables		(37,867)	36,147
Increase/(Decrease) in trade and other payables		23,025	(5,750)
Net Cash used in Operating Activities		(175,121)	(15,680)
Cash Flows from Investing Activities			
Purchase of available for sale financial assets	6	-	(37,500)
Proceeds from sale of available for sale financial assets		10,321	25,000
Net Cash generated from/(used in) Investing Activities		10,321	(12,500)
Cash Flows from Financing Activities			
Proceeds from issue of shares, net of issue costs		720,837	-
Net Cash generated from Financing Activities		720,837	-
Net Increase/(Decrease) in Cash and Cash Equivalents		556,037	(28,180)
Cash and cash equivalents at the beginning of the year		37,369	65,549
Cash and Cash Equivalents at the End of the Year		593,406	37,369

There were no major non-cash transactions during 2016 or 2017.

The notes to the financial statements form an integral part of these financial statements.

Notes to the Financial Statements

1. General Information

The Company was incorporated in the UK on 20 April 2011 as a public limited company with the name Black Lion Capital Plc. The Company subsequently changed its name to Black Eagle Capital Plc on 13 September 2011 and on 15 November 2016 changed its name to Dukemount Capital Plc. On 29 March 2017 the Company was admitted to the London Stock exchange by way of a standard listing.

The Company's principal activity is to acquire, manage, develop and, where appropriate on-sell, real estate portfolios specialising mainly in the supported living and hotels sector.

The Company's registered office is located at 50 Jermyn Street, London SW1Y 6LX.

2. Summary of Significant Accounting Policies

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

a) Basis of Preparation

The financial statements have been prepared in accordance with EU-endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the parts of the Companies Act 2006 applicable to Companies reporting under IFRS. The financial statements have also been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets at fair value.

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

The financial statements are presented in Pound Sterling (£), rounded to the nearest pound.

i) New and Amended Standards mandatory for the first time for the period beginning 1 May 2016

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 May 2016 have had a material impact on the Company. The standards, amendments and interpretations considered were as follows:

Standard	Impact on initial application	Effective date
IAS 16 & IAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
IAS 27 (Amendments)	Equity method in separate financial statements	1 January 2016
IAS 28 (Amendments)	Investments in associates and joint ventures	1 January 2016
IAS 28 & IFRS 1 (Amendments)	Investment entities: applying the consolidation exemption	1 January 2016
IAS 1 (Amendments)	Disclosure initiative	1 January 2016

ii) *New standards, amendments and Interpretations in issue but not yet effective or not yet endorsed and not early adopted*

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are listed below. The Company intend to adopt these standards, if applicable, when they become effective.

Standard	Impact on initial application	Effective date
IFRS 9 (Amendments)	Financial Instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 16	Leases	*1 January 2018
IFRS 2 (Amendments)	Share-based payments - classification and measurement	*1 January 2018
Annual improvements	2014-2016 Cycle	*1 January 2018
IFRIC Interpretations 22	Foreign currency transactions and advanced consideration	1 January 2018
IAS 40 (Amendments)	Foreign currency transactions and advance considerations	*1 January 2018

* Subject to EU endorsement

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes The standard is effective for accounting periods beginning on or after 1 January 2018 but early adoption is permitted.

As at 30 April 2017, the Company only holds available for sale financial assets and basic financial instruments such as loans and receivables and other liabilities measured at amortised cost. The Directors believe the potential changes caused by IFRS 9 are unlikely to be material until the business develops and completes a transaction. The Directors do not intend to early adopt this standard.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

b) Significant accounting judgements, estimates and assumptions

The principal area in which judgement is applied is as follows:

Going concern

The preparation of financial statements requires an assessment on the validity of the going concern assumption.

The Directors have reviewed projections for a period of at least 12 months from the date of approval of the Financial Statements. The Company has no revenues but significant cash resources were raised, following its listing, to finance its activities whilst it identifies and completes suitable transaction opportunities.

In making their assessment of going concern, the Directors acknowledge that the Company has a very small cost base and can therefore confirm that they hold sufficient funds to ensure the Company continues to meet its obligations as they fall due for a period of at least one year from date of approval of these Financial Statements. Accordingly, the Board believes it is appropriate to adopt the going concern basis in the preparation of the Financial Statements.

c) Financial Instruments

Financial assets

Financial assets, comprising solely of other receivables and cash and cash equivalents, are classified as loans and receivables held at amortised cost.

Other financial assets, being available for sale financial assets, are classified as available for sale. This classification is determined at initial recognition and depends on the purpose for which the financial assets were acquired. These assets are non-derivative financial assets either designated as such or not classifiable under any of the other categories. They are included under current assets as management intends to dispose of the investments within 12 months of the end of the reporting period, where it is in the Company's best interests to do so.

Available for sale financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Company has transferred substantially all of the risks and rewards of ownership.

Available for sale financial assets are subsequently carried at fair value unless the Company is precluded from doing so as, in the case of unlisted equity securities, the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. In such circumstances available-for-sale financial assets are held at cost and reviewed annually for impairment. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary non-derivative financial assets classified as available for sale are recognised in other comprehensive income. When such financial assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss as net "gains/(losses) from disposal of available for sale financial assets."

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

c) Financial instruments (continued)

Dividends on available-for-sale equity instruments are recognised in profit or loss as part of other income when the Company's right to receive payments is established.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal repayments;

· the disappearance of an active market for that financial asset because of financial difficulties;

· observable data indicating that there is a measureable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio; or

· for assets classified as available-for-sale, a significant or prolonged decline in fair value of the security below its cost.

For loans and receivables, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced, and the loss is recognised in profit or loss.

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

For assets classified as available-for-sale, the Company assesses at each reporting period whether there is objective evidence that a financial asset is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is one example that the asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial previously recognised in profit or loss, is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

Financial liabilities

Financial liabilities, comprising trade and other payables, are held at amortised cost.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

Notes to the Financial Statements

d) De-recognition of Financial Instruments

i. Financial Assets

A financial asset is derecognised where:

· the right to receive cash flows from the asset has expired;

· the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement; or

· the Company has transferred the rights to receive cash flows from the asset, and either has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

ii. Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and current and deposit balances with banks and similar institutions. This definition is also used for the Statement of Cash Flows.

The Company considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The Company will only keep its holdings of cash and cash equivalents with institutions which have a minimum credit rating of 'AA-'.

The Company considers that it is not exposed to major concentrations of credit risk.

f) Taxation

Current tax

Current tax is the tax currently payable based on the taxable profit for the year. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or recognised in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax is calculated at the tax rates (and laws) that have been enacted or substantively enacted at the Statement of Financial Position date.

Deferred tax

Deferred tax is recognised using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

f) Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated at the tax rates (and laws) that have been enacted or substantively enacted at the Statement of Financial Position date and are expected to apply to the period when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are not discounted.

g) Segmental reporting

Identifying and assessing investment projects is the only activity the Company is involved in and is therefore considered as the only operating/reportable segment.

Therefore the financial information of the single segment is the same as that set out in the Company Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Company Statement of Cashflows.

h) Equity

Equity comprises the following:

- Share capital representing the nominal value of the equity shares;
- Share Premium representing consideration less nominal value of issued shares and costs directly attributable to the issue of new shares;
- Share based payments reserve representing the fair value of share based payments valued in accordance with IFRS 2;
- Retained earnings representing retained losses, and the accumulated fair value adjustments on available-for-sale financial assets that are not permanently impaired.

i) Share Capital

Ordinary shares are classified as equity.

j) Share Based Payments

The Company has issued warrants over the ordinary share capital as described in note 10. In accordance with IFRS 2, the total amount to be expensed over the vesting period for warrants issued for services is determined by reference to the fair value of the warrants granted, excluding non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of warrants that are expected to vest.

For warrants issued relating to the raising of finance, the relevant expense is offset against the share premium account. The total amount to be expensed is determined by reference to the fair rate of the options and warrants granted, excluding non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of warrants that are expected to vest.

Notes to the Financial Statements

k) Financial Risk Management

Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (price risk), credit risk and liquidity risk. The Company's overall risk management programme seeks to minimise potential adverse effects on the Company's financial performance. None of these risks are hedged.

The Company has no foreign currency transactions or borrowings, so is not exposed to market risk in terms of foreign exchange risk or interest rate risk.

Risk management is undertaken by the Board of Directors.

Market Risk - price risk

The Company is exposed to equity securities price risk because of investments held by the Company, classified as available-for-sale financial assets. These assets' carrying value at the year end is £25,000 which represents the maximum exposure for the Company.

The Company is not exposed to commodity price risk. The Directors will revisit the appropriateness of this policy should the Company's operations change in size or nature.

Some of the Company's investments in equity of other entities are publicly traded and are listed on the London Stock Exchange and Alternative Investment Market (AIM). There is a limited volume of shares traded in these companies and if a significant disposal of the shares was made by the Company, this could have a significant impact on the realisable value of their shares. The table below summarises the potential impact of increases/decreases in the market price on the Company's result for the year and on equity. The analysis is based on the assumption that the share prices have increased/decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the market:

	Profit/(Loss) for the year		Other comprehensive income	
Potential impact on:	2017	2016	2017	2016
Listed Investments (Level 1)	£	£	£	£
Available-for-sale financial assets - 5% increase	-	-	-	100
Available-for-sale financial assets - 5% decrease	-	-	-	(100)

There is no impact at the year end as all level 1 investments had been disposed of in the year and fair value losses recognised in profit or loss.

The Company also has investments in equity of other entities that are listed but currently suspended and are therefore valued in accordance with tier 3 of the fair value hierarchy. Management tests annually whether the investments have future economic value in accordance with the accounting policies. These valuations are based on management's estimates using all information available to them, some of which may be historic. The realised value from the sale of these assets may be different to those stated. A 5% increase/decrease movement in valuation would have the following impact:

Potential impact on:	Profit/(Loss) for the year 2017	2016	Other comprehensive income 2017	2016
Unlisted Investments (Level 3)	£	£	£	£
Available-for-sale financial assets - 5% increase	-	-	1,250	1,250
Available-for-sale financial assets - 5% decrease	-	-	(1,250)	(1,250)

Losses for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available for sale.

Credit risk

Credit risk arises from cash and cash equivalents as well as any outstanding receivables. Management does not expect any losses from non-performance of these receivables. The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

The Company considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk, which is stated under the cash and cash equivalents accounting policy.

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The proceeds raised from the placing are being held as cash to enable the Company to fund a transaction as and when a suitable target is found.

Controls over expenditure are carefully managed, in order to maintain its cash reserves whilst it targets a suitable transaction.

Financial liabilities are all due within one year.

Capital risk management

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure. The Company has no borrowings.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital on the basis of the total equity held by the Company, being £633,324 as at 30 April 2017 (2016: £64,445).

Notes to the Financial Statements

l) Fair Value Estimation

The table below analyses financial instruments carried at fair value, by valuation method. The level at which a financial instrument can be defined is as follows:

· Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

· Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and

· Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's financial assets that are measured at fair value.

	2017	2016

Assets	Level 1 £	Level 3 £	Total £	Level 1 £	Level 3 £	Total £
Available-for-sale financial assets	-	25,000	25,000	2,000	25,000	27,000
Total assets	-	25,000	25,000	2,000	25,000	27,000

The Investment in Red Leopard Holdings Plc, which was disposed of in the year, was quoted in an active market, and is classified as a Level 1 in the table above.

The investment in Silver Falcon Plc is quoted but currently suspended, and is classified as Level 3 in the table above. See note 2(m) for further detail.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily AIM quoted equity investments classified as trading securities or available-for-sale. The fair values of quoted investments are based on current bid prices.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available, and rely as little possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- other techniques, such as discounted cash flow analysis or the last available quoted market price are used to determine fair value for the remaining financial instruments.

Notes to the Financial Statements

l) Fair Value Estimation (continued)

The following table presents the changes in Level 1 instruments for the period ended:

	2017	2016
	£	£
Balance as at 1 May	2,000	8,400
Fair value profit/(loss)	800	(6,400)
Disposals of Level 1	(2,800)	-
Balance as at 30 April	-	2,000

The following table presents the changes in Level 3 instruments for the period ended:

	2017	2016
	£	£
Balance as at 1 May	25,000	50,000
Disposals of Level 3	-	(25,000)
Balance as at 30 April	25,000	25,000

m) Critical Accounting Estimates

The Directors make estimates and assumptions concerning the future as required by the preparation of the financial statements in conformity with EU endorsed IFRSs. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

i) In accordance with IFRS 2 'Share Based Payments' the Company has recognised the fair value of warrants calculated using the Black-Scholes option pricing model. The Directors have made significant assumptions particularly regarding the volatility of the share price at the grant date in order to reach a total fair value of £30,499. Further information is disclosed in Note 10.

ii) Available for sale financial assets have a carrying value at 30 April 2017 of £25,000 (2016: £27,000). The Company holds listed and unlisted equity securities as available-for-sale financial assets.

The Company follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost. Management has concluded that there is no impairment charge necessary to the carrying value of available for sale financial assets.

The Company holds 2,500,000 Ordinary share of 1p each at par in Silver Falcon Plc. Silver Falcon was listed on the FTSE All Share Index of the London Stock Exchange on 9th November 2015. At the year end the shares are suspended pending the completion of a transaction and the Directors have taken the view that it would be prudent to value the shares at cost even though the share price, just prior to suspension, was more than three times greater than the acquisition price the Company paid.

Notes to the Financial Statements

3. Taxation

Tax Charge for the Year

No taxation arises on the result for the year due to taxable losses.

Factors Affecting the Tax Charge for the Period

The tax credit for the period does not equate to the loss for the period at the applicable rate of UK Corporation Tax of 19.92% (2016: 20%). The differences are explained below:

	2017	2016
	£	£
Loss for the period before taxation	(177,149)	(46,077)
Loss for the period before taxation multiplied by the standard		
rate of UK Corporation Tax of 19.92% (2016: 20%)	(35,284)	(9,215)
Expenses not deductible for tax purposes	3,426	-
Income not taxable for tax purposes	(1,498)	-
Losses carried forward on which no deferred tax asset is recognised	33,356	9,215
	-	-

Factors Affecting the Tax Charge of Future Periods

Tax losses available to be carried forward by the Company at 30 April 2017 against future profits are estimated at £371,000 (2016 - £201,000).

A deferred tax asset has not been recognised in respect of these losses in view of uncertainty as to the level of future taxable profits.

4. Dividends

No dividend has been declared or paid by the Company during the year ended 30 April 2017 (2016: Nil).

5. Earnings per share

Basic earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. In accordance with IAS 33, basic and diluted earnings per share are identical as the effect of the exercise of the warrants would be to decrease the loss per share.

	2017	**2016**
Loss attributable to equity holders of the Company	177,149	46,077
Total	£177,149	£46,077
Weighted average number of ordinary shares in issue (thousands)	179,687	152,500

6. Available for sale financial assets

	2017	2016
	£	£
At beginning of period	27,000	58,400
Disposals	(2,800)	(25,000)
Fair value profit/(loss)	800	(6,400)
At End of Period	25,000	27,000
Less: non-current portion	-	-
Current Portion	25,000	27,000

As at 30 April 2017 all available for sale financial assets comprise UK Equity securities denominated in £ Sterling.

During 2014 the Company acquired an investment of less than 2% in Red Leopard Holdings Plc for £25,000. Red Leopard Holdings Plc is a UK based investment company, listed on AIM, which focuses on investments in the natural resources sector, such as precious metals. On 30 October 2013, the Company divested off 20% of the original investment for £6,451. On 6 March 2017 the Company sold its remaining holding for £10,321, resulting in a profit on disposal of £7,521. On disposal, cumulative losses of £17,200 previously recognised in other comprehensive income have been reclassified to profit or loss. This has given a net loss of £9,679 recognised in the profit or loss in the year.

The Company holds 2,500,000 Ordinary share of 1p each at par in Silver Falcon Plc. Silver Falcon was listed on the FTSE All Share Index of the London Stock Exchange on 9th November 2015. At the year end, the shares are suspended pending the completion of a transaction and as such the Directors have taken the view that it would be prudent to value the shares at cost even though the share price, just prior to suspension, was more than three times greater than the acquisition price the Company paid.

Further details on the Directors' assessment of the fair value at 30 April 2017 is explained under Critical Accounting Estimates set out under the Accounting Policies which are disclosed before the notes to the Financial Statements.

7. Trade and Other Receivables

	2017	2016
	£	£
Other receivables, including prepayments	41,793	3,926

The fair value of all receivables is the same as their carrying values stated above.

At 30 April 2017 all receivables were fully performing, and therefore do not require impairment.

The maximum exposure to credit risk at the reporting date is the carrying value mentioned above. The Company does not hold any collateral as security.

Notes to the Financial Statements

8. Share Capital

	2017	2016
	No	No
Allotted, issued and fully paid	(000's)	(000's)
338,300,000 ordinary shares of £0.001 each	338,300	152,500

On 9 January 2017 the Company raised gross proceeds of £48,000 via the issue and allotment of 48,000,000 new ordinary shares at par value of £0.001.

On 29 March 2017, at the time the Company was admitted to the Official List of the UK Listing Authority, the Company raised gross proceeds of £137,800 via the issue and allotment of 137,800,000 new ordinary shares at par value of £0.001. On the same date, warrants over 8% of the share capital at that time at an exercise price of 0.5 pence for a term of three years from Admission were issued to Chesterfield Capital of which Geoffrey Dart is a director and indirect shareholder. Also at that time warrants over 1,032,000 ordinary shares and 972,000 ordinary shares at an exercise price of 0.75 pence and for a three year term were issued to Optiva Securities Ltd and Peterhouse Corporate Finance respectively. These warrants have all been recognised in the profit or loss.

At the Annual General Meeting of the Company on 3 October 2016, the exercise period of the previously issued 5 year warrants was extended by a further five years to 8 September 2021. See note 10 for the IFRS 2 considerations with regards to this modification. These warrants now consist of:

Warrants for 2% of the Ordinary Share capital of the Company at the date of admission were issued to Mr Peter Redmond at a price of 0.5 pence per Ordinary Share with a further lifespan of 5 years. These were included in profit or loss at the time of issue.

Warrants for 15% of the Ordinary Share capital at the date of exercise, with the same cap on issued Ordinary Share capital at exercise for calculation purposes as had been the case for the previously issued warrants (being the number of ordinary shares in issue at the date on which the Company was listed in 2011), were issued to Mr Bryan Dart and Continental National Resources Limited. The price of the newly issued warrants is 0.5 pence for the proportion of Ordinary Shares issued that relate to the number of Ordinary Shares in issue at the date of Admission and the price of the latest share issue prior to the exercise of the warrants for the remainder. These were included in profit or loss at the time of issue.

9. Share Premium

	Share Premium	Less share issue costs	Net Share Premium
	£	£	£
At 1 May 2016	196,500	-	196,500
Placing 29 March 2017	623,200	(88,163)	535,037

At 30 April 2017	819,700	(88,163)	731,537

Notes to the Financial Statements

10. Share Based Payments

As explained in note 8, there were warrants issued which were outstanding and exercisable at the end of the period.

The expiry date of the warrants is 8 September 2021 and 29 March 2020. The exercise price of the warrants is £0.005 and £0.0075. The Company has no legal or constructive obligation to settle or repurchase the warrants in cash. The fair value of the warrants was determined using the Black Scholes valuation model. The parameters used are detailed below:

Warrant granted on:	Various dates between 8 September 2011 and 26 October 2011	At 29 March 2017	At 29 March 2017
Warrant life (years)	5 years*	3 years	3 years
Warrants granted	25,925,000	27,064,000	2,004,000
Risk free rate	2.2%	0.5%	0.5%
Exercise price (£)	0.005	0.005	0.0075
Expected volatility	20%	20%	20%
Expected dividend yield	-	-	-
Marketability discount	20%	20%	20%
Total fair value of warrants granted (£)	23,308	7,125	66

*Warrants extended for a further 5 years to 8 September 2021.

The expected volatility for the warrants granted is based on the historical share price volatility of similar listed entities from their date of admission to the market up to the completion of the first six months of trading. This is considered to be the most reasonable measure of expected volatility, given the relatively brief trading history of the Company.

The warrants issued in 2011 have been modified in the year, with their expiry date being extended until 8 September 2021. The fair value adjustment as required under IFRS 2 as a result of this modification was immaterial and as such no change in the fair value has been reflected in the Financial Statements.

The risk free rate of return is based on zero yield government bonds for a term consistent with the warrant life. A reconciliation of warrants granted over the period to 30 April 2017 is shown below:

	Number	Weighted average exercise price (£)
As at 1 May 2016	25,925,000	-
Granted	29,068,000	0.005
Outstanding as at 30 April 2017	54,993,000	0.005
Exercisable at 30 April 2017	54,993,000	0.005

The weighted average contracted and expected life (years) for the above warrants is 4 years (2016 - 0.5 years).

Notes to the Financial Statements

11. Expenses by Nature

	2017	2016
	£	£

Directors' fees	32,500	-
Establishment costs	8,581	12,350
Legal and professional fees	54,058	33,575
Listing/ regulatory costs	61,396	-
Travel and accommodation	2,207	-
Share option charge	7,191	-
Other expenses	1,537	152
Total Administrative Expenses	167,470	46,077

12. Services provided by the Company's Auditors

During the year, the Company obtained the following services from the Company's auditors and its associates:

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company Financial Statements	10,000	2,825
Fees payable to the Company's auditor for tax compliance and other Services	1,000	750
Fees payable to the Company's auditor for corporate finance work in relation to the listing	10,000	-

13. Directors' Remuneration

	2017 £	2016 £
Geoffrey Dart	12,500	-
Timothy Le Druillenec	10,000	-
Peter Redmond (resigned 26 April 2017)	10,000	-
Total	32,500	-

There are no other employees of the Company.

14. Trade and Other Payables

	2017	2016
	£	£
Accruals	26,875	3,850

15. Treasury Policy and Financial Instruments

The Company operates an informal treasury policy which includes the ongoing assessments of interest rate management and borrowing policy. The Board approves all decisions on treasury policy.

The Company has financed its activities by the raising of funds through the placing of shares.

There are no material differences between the book value and fair value of the financial instruments.

16. Capital Commitments

There were no capital commitments authorised by the Directors or contracted for at 30 April 2017.

17. Related Party Transactions

As disclosed in note 6, the Company holds 2,500,000 Ordinary shares of 1p each at par in Silver Falcon Plc. Silver Falcon was listed on the FTSE All Share Index of the London Stock Exchange on 9th November 2015.

During the year the Company charged Silver Falcon Plc an amount of £19,561 (2016: £9,578) in respect of office space utilised on an ad hoc basis during the year. There was no balance outstanding at the year end in respect of this transaction (2016: £nil).

Geoffrey Dart and Peter Redmond are directors of Silver Falcon Plc.

Briarmount Limited

During the year, the Company paid £46,591 (2016: £5,941) to Briarmount in respect of consultancy and accountancy services. The Company also paid £10,000 (2016: £Nil) to Briarmount in relation to Director's fees.

Timothy Le Druillenec is a director of Briarmount Limited.

Chesterfield Capital Limited

During the year, the Company paid £12,500 (2016: £Nil) to Chesterfield Capital Limited in respect of Director's fees. As at the year end, £Nil (2016: £Nil) was owed to Chesterfield Capital Limited.

Warrants of 27,064,000 were issued to Chesterfield Capital Limited on 29 March 2017 at an exercise price of 0.5p for a term of 3 years from admission.

Geoffrey Dart is a director of Chesterfield Capital Limited.

Catalyst Corporate Consultants Limited

During the year, the Company paid £10,000 (2016: £Nil) to Catalyst Corporate Consultants Limited in respect of Director's fees. As at the year end, £Nil (2016: £Nil) was owed to Catalyst Corporate Consultants Limited.

Peter Redmond is a director of Catalyst Corporate Consultants Limited.

18. Ultimate Controlling Party

The Directors believe there to be no ultimate controlling party.

20. Copies of the Annual Report

Copies of the annual report will be available on the Company's website at www.dukemountcapitalplc.com and from the Company's registered office, Room 4, 1st Floor, 50 Jermyn Street, London, SW1Y 6LX.