

AGM Paper 4

Payment to shareholders

Introduction

As has been mentioned previously we cannot yet lawfully pay a dividend to shareholders until we have cumulative profits out of which to pay them. However, when we get to December of this year 2018, the EIS and Seed EIS shares will have been in issue for 3 years and the planned repayment of capital will not cause any negative tax effects for anyone.

Having spent the share money on installations, it depreciates over its useful life, and the annual book entry for depreciation means that cash is available to repay shareholders some capital. Depreciation is a book entry only as it does not use cash like other expenses in the year, so it leaves cash available.

Recommendation

Your board is therefore recommending that in round figures, the 2017 £5.4k depreciation starts the promised capital repayments at around 3% (i.e. £30 per £1,000 invested payable to shareholders in early December 2018.) That depreciation charge and repayment will increase for this 2018 year when we complete our further planned installations and depreciation increases.

Michael Penn
Finance Lead