Statutory Audited Accounts to 31 December 2019

SUPPLYME CAPITAL PLC

RNS Number : 1114L Supply me Capital PLC
Monday 30 March 2020
Supply me Capital PLC
(Formerly AIM: SUPP)
("Supply me")
30 March 2020

Registration number: 10350415

Supply me Capital plc (formerly known as AimCross plc)
Directors' Report and Consolidated Financial Statements
for the Period Ended 31 December 2019

Supply me Capital plc (formerly known as AimCross plc)
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Supply me Capital plc (formerly known as AimCross plc)
Company Information

Directors	Simon Cromwell Nicholas Clarke Jonathan Bell Alexander Hartford
Secretary	MHS Corporate Services Limited 27-28 Essex street London WC2R 3JX
Company number	10350415
Registered office	27-28 Essex street London WC2R 3JX
Auditor	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
Solicitors	Clarion Brand Partnership LLP 3 Noble Place London EC2Y 5AQ
Bankers	Metro Bank Plc 1 Southampton Row London WC1B 5HA
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD
Public Relations	Cenkos SMM 5 Newman Square London EC1M 4AR
Accountants	Kreston Cardale Place Guildford GU1 4LD
Investor Relations	Walbrook PR Ltd 25 Walbrook Street London EC3N 8AH
Website	www.supplymecapital.com

Chairman's Statement

I am pleased to report to you on the Group's activities and its status changes in the four months period to 31 December 2019, and to the subsequent year to date to 2020.

Overview

In the year ended 31 December 2019 the Group underwent a major transformation. Supply me Capital PLC ("Supply me" or the "Company") (formerly AimCross plc) completed the acquisition of the Supply me Group, which was a leading provider of technology services to the gaming industry. The Supply me Group's business model is based on the provision of technology services to the gaming industry, including the provision of software, hardware and ancillary services to operators of online casinos and online sports betting.

The Supply me Group's revenue model is based on a combination of fixed and variable fees, which are charged to the operators of online casinos and online sports betting. In the year ended to 31 December 2019 the Supply me Group's revenue was £1.1 million, of which £0.8 million was recurring revenue, and the Supply me Group had a gross profit of £0.6 million. The Supply me Group's business model is based on the provision of recurring revenue, which has the potential to grow.

During the year ended to 31 December 2019 the Company carried out a major restructuring and also completed a fundraising to enable the Company to fund its growth.

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During the year ended to 31 December 2019 the Company carried out a major restructuring and also completed a fundraising to enable the Company to fund its growth.

As at 31 December 2019 the Company's Board of Directors comprised of the executive directors Nicholas Clarke and Jonathan Bell and the non-executive director Simon Cromwell. The Company's Board of Directors was responsible for the management of the Company's business and for the implementation of its business strategy and policies.

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Acquisition

On 3 March 2020, AimCross plc completed the following transactions:

- the acquisition of the entire issued share capital of Supply me Capital Limited ("Supply me") (the "Acquisition");
- the conditional placing of 2,000,000 ordinary shares of 0.1p each in the capital of the Company ("Ordinary Shares") (the "Placing").

The transaction was effected by way of the issue of 27,333,300,230 consideration shares to the shareholders of Supply me Ltd.

The market capitalisation of the Company is determined by the Share Price prior to the Suspension of the Company's shares on 3 March 2020 and the number of Ordinary Shares in issue following completion of the Acquisition and the Placing. The market capitalisation of the Company is determined by the Share Price prior to the Suspension of the Company's shares on 3 March 2020 and the number of Ordinary Shares in issue following completion of the Acquisition and the Placing.

Total Ordinary Shares in issue following completion of the Acquisition and the Placing.

Change of Name

The Company changed its trading name from AimCross plc to Supply me Capital plc on 3 March 2020. The Company has changed its year end from 31 March to 31 December to align the Group's financial year-end with the Supply me Group's financial year-end.

Business Review

The Supply me Group's technology platform is the Group's business as the provider of a commercially substantiated turnkey SaaS platform, and is subsequently integrated into a wide range of operators' existing systems. As a provider of SaaS the Supply me Group's revenue model is based on a fixed fee and a variable fee, which are subsequently charged to the operators of online casinos and online sports betting. The Supply me Group's revenue model is based on the provision of recurring revenue, which has the potential to grow.

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Discontinued operations

On 3 March 2020 the Group sold all its business and assets for an initial cash consideration of £1.7m subject to 12 months earnings and other adjustments. The Company's Board of Directors was responsible for the management of the Company's business and for the implementation of its business strategy and policies.

Profit/(loss) for the period attributable to the owners of the Parent Company: £(1,000,000)

Continuing operations

The Company's Board of Directors was responsible for the management of the Company's business and for the implementation of its business strategy and policies.

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Financial position

As at 31 December 2019 the Group had cash and cash equivalents of £0.1m and a net current liabilities position of £(0.1)m. The Company's Board of Directors was responsible for the management of the Company's business and for the implementation of its business strategy and policies.

Cash flows

The Company's Board of Directors was responsible for the management of the Company's business and for the implementation of its business strategy and policies.

Loans

As at 31 December 2019 the Group had no loans and no debt. The Company's Board of Directors was responsible for the management of the Company's business and for the implementation of its business strategy and policies.

Dividends

The Company's Board of Directors was responsible for the management of the Company's business and for the implementation of its business strategy and policies.

Risks and uncertainties

The Company's Board of Directors was responsible for the management of the Company's business and for the implementation of its business strategy and policies.

Subsequent to the year end, following the Market prevention decision to remain, from 10 to 20 March 2017 and consequent changes to the rules, the AIM Rule Regulations ceased to apply.

The Board of Directors of the Company has formed an opinion that the Company is not in breach of any of the AIM Rules Regulations, and that the Company has complied with the Corporate Governance Code, the Company's Board of Directors has formed an opinion that the Company is not in breach of any of the AIM Rules Regulations,

Principle 3:

Promoting the Business's well-functioning, balanced and fit for the Purpose

The Board comprises of the Chairman (Independent), the Chief Executive and two additional Non-Executive Directors. The Independent chairman of the Board ensures and is further ensured by the Chief Executive.

The Board by Resolution has Given Statutory Legal Power of Legal Representation to the Chief Executive and Chairman who are also the independent citizens under the Business's Constitution and Statutory Legal Requirements.

The Board is especially required to meet monthly in order to arrange other things, approve financial statements, dividends and significant changes in accounting policies and the appointment of auditors.

The Business has separate separate roles to ensure that no single person has unfettered power of decision making. The Chairman is responsible for the effective functioning of the Board and the Chief Executive is responsible for the Business's day-to-day operations.

The Board is supported by such Committees, Advisory/Consultative and Operational Committees. Further details of which are set out in the Company's website.

The Business has a formal and transparent procedure for the appointment of new Directors. Nominations shall come from the Board and are then put to the Company's AGM for Shareholders approval and for the appointment of the Independent Director.

Principle 4:

Ensure that the Business has the Resources Given the resources, up-to-date expertise, skills and capabilities

The Board is responsible for the Business's system of internal control and for reviewing its effectiveness. The Board has established appropriate internal control procedures and operations. The Directors, who are comprised of the Board Chairman and the Chief Executive, are responsible for reviewing and exercise supervision of the Business's internal control system.

In order to ensure that other positions are in place with necessary skills and experience, the Board continuously reviews the Business's training or renewal. All directors are able to obtain independent professional advice at the Business's expense if they feel it necessary to do so in order to fulfill their duties and responsibilities as part of the directors, including details on their experience and skills, are set out in the Company's website.

Principle 5:

Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.

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Principle 6:

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The Company's policies are put in an extensive approach towards any form of market misuse, discrimination or unethical behavior relating to bribery, corruption or financial misconduct.

Principle 7:

Maintaining governance structures and processes that are fit for purpose and support good decision-making by the Board.

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At the year-end the Group had cash balances of £81,000 (2019; £771,000) and other net current liabilities of £390,000 (2019: other net liabilities £395,000). The Group has posted a loss for the year after tax of £685,000 (2019: loss of £374,000) and retained losses were £14,675,000 (2019: £15,207,000).

The Group has historically met its financing requirements through the regular placing of new shares, raising in the year a net cash amount of £Nil (2019: £1,217,000).

At the year end the Group was a cash shell listed on AIM that was seeking new investment opportunities.

Since the year end, the Group has successfully been admitted to trading as a Main Market company, standard segment, trading on the London Stock Exchange having also issued placing shares with gross proceeds of £2,240,000 (net proceeds of £ 1,440,000).

The Group is now fully trading and not reliant upon share issues to continue in business.

The Directors have reviewed the forecast cashflows for the next 12 months and consider the Group to be a going concern.

The cashflow forecasts are based on the enlarged group following the reverse acquisition in March 2020 and therefore relate to cashflows arising from the groups Fin Tech platform that focusses on inventory monetisation facilities. The Directors have prepared the forecast using their best estimates however the company is in its start up phase and therefore they have identified the following uncertainties in the model.

The ability of the group to acquire inventory is reliant on investment funding being received, whilst the group is in advanced negotiations with several interested partners no investment has been secured, if no investment is secured the group cannot acquire inventory and generate the service fee income.

In addition the group has a portfolio of interested customers, with some having signed term sheets. The cashflow model assumes a growth in customer base in line with the interest that has been received in the product but there is uncertainty over the ability of the group to be able to secure these new customers.

On the basis of the above matters the directors have a material uncertainty in relation to its going concern status. The Directors have prepared scenario based models which include adjustments for the uncertainties noted and additional cost saving measures that could be implemented if there is a delay in the revenue generation. On the basis of these scenarios and that they are in advanced negotiations with potential investors and there has been significant interest in the product the Directors consider it appropriate to prepare the financial statements on a going concern basis. These financial statements do not include any adjustments that may be required if the going concern status was not considered appropriate.

Impact of the global pandemic

As noted on 1 July 2020 in the Interim Statement to 31 March 2020 and mentioned in numerous announcements since, the Board has monitored closely the impact of COVID-19 on business operations.

Impact on Client companies

SYME's Client company customer base remains strong and the demand for inventory monetisation continues to grow. The number of Client companies being originated by SYME has grown each quarter since the Reverse Take Over in March 2020. Increasingly, following COVID-19, many businesses are consciously choosing to build inventory to avoid supply chain shortages and subsequent loss of trade, rather than keep stock levels low. This is a positive development for SYME's business model as it expects that Client companies internationally will look to monetise these higher volumes of stock held.

Impact on Inventory funders

The impact of COVID-19 on Inventory funders, that is the investors through the Platform into the inventory portfolios, has been more difficult to interpret.

Interest rates are at historic lows which means that investors are getting lower returns on capital compared to previous years when higher interest rates were the norm. SYME's new inventory asset class will offer a strong relative margin compared to interest rates on a risk adjusted basis. However, investors are undoubtedly more cautious and taking longer to make decisions. Time to close transactions, not only in Inventory funding, but across the investment spectrum, has increased.

The three to four month delay that SYME announced in July 2020 to its initial end September 2020 forecast to complete the first Inventory Monetisation has been the result.

We are positive about the performance of the Company in the coming months as we expect the first securitisation transaction to close and the Captive Bank to launch as announced in the Trading Update of 30 November. The re-opening of the global economies as the uncertainty caused by COVID-19 dissipates will undoubtedly also help.

Basis of consolidation

The Group financial statements consolidate those of the Company and all its subsidiary undertakings drawn up to 31 December 2019. Subsidiaries are entities over which the Group has control. Control comprises an investor having power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power.

The Company has taken advantage of the exemption under S408 of the Companies Act 2006 and has not presented its own statement of comprehensive income.

New and revised accounting standards and interpretations

A number of relevant new standards are effective for annual periods beginning as noted below, for which earlier application is permitted. However, the Group has not adopted the new or amended standards in preparing these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements:

Standard and interpretations	Effective for annual periods beginning on or after
Conceptual Framework in IFRS Standards	1 January 2020
IAS 1 Presentation of Financial Statements	1 January 2020
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
IFRS 3 Business combinations	1 January 2020
IFRS 9 Financial Instruments	1 January 2020
IAS 39 Financial Instruments: Recognition and Measurement	1 January 2020
IFRS 7 Financial Instruments: Disclosure	1 January 2020
IAS 1 Presentation of Financial Statements	1 January 2022

Profit and loss on discontinued operations

A discontinued operation is a component of the Group that has been disposed of. Profit and loss from discontinued operations comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on disposal of that component.

Revenue recognition

Prior to the sale of the business in February 2019, revenue was measured at the fair value of the consideration received or receivable net of sales related taxes. Income for the group was derived from two sources:

Technology and Consultancy.

These sources are service based rather than through the sale of goods. IFRS 15 has been applied fully retrospectively without the need to adjust prior period amounts. The policies for income recognition in respect of each of the different sources of income were such that income was recognised by reference to the stage of completion of the transaction at the end of the reporting period. In applying the income recognition policies below where there was a requirement for a contract to be signed, income was recognised in accordance with the policy when the contract had been signed or persuasive evidence that an arrangement existed.

a) Consulting:

Performance obligations are the delivery of solutions as defined in the project contract. Delivery of these performance obligations are measured by the consultants' time spent to date on the project as a percentage of the total consultant's time planned for the completion of the project. On this basis, the income and labour expense relating to a consulting contract are recognised in the month in which the consulting takes place, and usually are recognised evenly over the term of the contract. Two key judgements are the planned time at the outset for the completion of each project, and the early recognition of any project that is likely to over-run and so may require a contract loss reserve.

b) Technology:

The performance obligations are the provision of the customer's selection of integrated services from our suite of technology-based services over an agreed contract term. The contract term is typically one year but may be longer or shorter than this period. Each customer's service plan for the contract period integrates access to the relevant parts of the group's suite of proprietary software together with hosting services provided by the group and customer maintenance support. At the end of the contract period, the customer no longer has access to the software and other services. Income arising from the provision of these integrated services are recognised evenly over the period of the contract once an agreement has been signed or persuasive evidence of an arrangement exists. Third party costs in respect of the suite of technology products are spread over the period covered by the suppliers' invoices for their services. Internal labour costs are expensed as incurred for the development of the technology products, for all pre-contract time commitments, and for the maintenance support during the contract period.

Leases

IFRS 16 Leases became effective for annual periods beginning on or after 1 January 2019 and the company elected to adopt it on a prospective basis. The directors have considered the impact of this new standard in the preparation of these financial statements. At this time, the Group does not have any material lease arrangements and therefore no adjustments are considered necessary as a result of this new standard.

Defined contribution pension obligation

Contributions to the group's defined contributions pension scheme are charged to profit or loss in the period in which they become payable.

Property, plant and equipment

Prior to the sale of all the business and business assets in February 2019, all property, plant and equipment were stated at cost less subsequent depreciation and impairment. The costs of the property, plant and equipment was their purchase price plus any incidental costs of acquisition. Depreciation commences at the point the asset is brought into use.

If there is any indication that an asset's value is less than it's carrying amount an impairment review is carried out. Where impairment is identified an asset's value is reduced to reflect this.

The residual values and useful economic lives of fixed assets are reviewed by management on an annual basis and revised to the extent required.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all property, plant and equipment equally over their expected useful lives. It is calculated at the following rates: Leasehold improvements - over the life of the lease, and Fixtures, fittings and equipment at 33% per annum.

Intangible assets

The following was applicable prior to the sale of the business and all business assets in February 2019:

Software licences

The costs of significant groups of software licences are capitalised and then amortised over the useful economic lives of the software concerned. Amortisation is charged to administrative expenses.

The cost of intangible assets is their purchase price plus any incidental costs of acquisition. Amortisation begins from the time the asset is brought into use.

Research and development

The cost of research is charged to the statement of comprehensive income in the period in which it is incurred. Development expenditure is capitalised only if the Company can demonstrate the following conditions:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or

sell the intangible asset

- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs not meeting the criteria for capitalisation are expensed in the period in which they are incurred. The cost of an internally generated intangible asset comprises all directly attributable costs, including labour costs, necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Until completion of the development project, the assets are subject to impairment testing only. Amortisation commences when the asset is brought into use and is shown within 'Administrative Expenses' on the consolidated statement of comprehensive income.

Amortisation

Amortisation is provided on intangible assets to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Software	20% to 33% per annum
Development costs	20% per annum

Impairment

At the end of each accounting period the Group assess the recoverable amounts of intangible assets. Where there is an indication of impairment an impairment loss is recognised for the amount by which the assets carrying value exceed its recoverable amount. Impairment losses are recognised in the profit and loss.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which 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 profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax and current tax are charged or credited to profit or loss, except when it relates to items charged or credited in other comprehensive income or directly to equity, in which case the deferred tax is also recognised in other comprehensive income or equity respectively.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Share options

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement. The Group has no cash settled share-based payments.

Where share warrants are issued, the fair values of the options are accounted for through Other Reserves until exercised or lapsed.

Foreign currency transactions and balances

The presentational currency of the group and functional currency of the trading entities is Sterling. Transactions entered into by group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Employee benefits

The Company accounts for employee benefits in accordance with IAS 19. Under IAS 19 there is a requirement to recognise the monetary value of employee benefits accruing but not yet settled, typically holiday pay. There is a requirement to account for the value of the liability for employee benefits to be paid in the future for services provided up to the reporting date.

Financial assets

Classification

Financial assets currently comprise trade and other receivables, cash and cash equivalents.

Recognition and measurement

Loans and receivables

Loans and receivables are mainly contractual trade receivables and are non-derivative financial assets with fixed or determinable payments that do not have a significant financial component and are not quoted in an active market. Accordingly, trade and other receivables are recognised at undiscounted invoice price. A reserve for credit risk is made at the beginning of each transaction and adjusted subsequently through profit and loss.

Cash and cash equivalents

Cash and other short-term deposits in the Statement of Financial Position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less and where there is an insignificant risk of changes in value. In the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Financial liabilities

Classification

Financial liabilities comprise trade and other payables, convertible loan notes and derivative financial instruments.

Recognition and measurement

Trade and other payables

Trade and other payables are initially recognised at fair value less transaction costs and thereafter carried at amortised cost.

The Group's derivative financial instruments are a convertible loan note that was both issued and then cleared in the year by a debt for equity swap, and warrants were issued with options to acquire shares that are accounted for at fair value, with changes in value taken through profit and loss. The release of the fair value discount on the debt for equity swap has been taken direct to retained earnings.

Equity

Equity comprises the following:

"Issued capital" represents the nominal value of equity shares.

"Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares net of expenses of the share issue.

"Other reserves" represents equity-settled share-based employee remuneration until such share options are exercised.

"Retained losses" represents retained losses.

Critical judgements and significant accounting estimates

Prior to the sale of the business and business assets in February 2019, all of the following statements are applicable. After that date, the Group is a cash shell that is operating as a listed holding company seeking new investment opportunities, and the following statements have only limited applicability. In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate. The most significant areas where judgement and estimates have been applied are as follows:

Judgements

The value of the awards under the modified and new employee share option scheme and warrants for share options were measured, in accordance with IFRS 2, by reference to their fair value at the date on which they were granted or issued. Judgement was required in determining the most appropriate valuation model (see Note 18).

At the end of each accounting period the Group assesses the recoverable amounts of intangible assets. Where there is an indication of impairment an impairment loss is recognised for the amount by which the assets carrying value exceed its recoverable amount. Impairment losses are recognised in the profit and loss.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Until completion of the development project, the assets are subject to impairment testing only. Amortisation commences upon completion of the asset and is shown within 'Administrative Expenses' on the consolidated statement of comprehensive income.

At the end of each period all contracts with customers are reviewed for contracts loss reserves.

At the end of each accounting period, the Group assess its ability to continue for a period of at least 12 months from the date the financial statements are approve, by reviewing budgets and forecasts for future trading years (as noted above in Note 2).

An assessment is made whether derivative financial instruments on issue are debt or equity (see Note 18).

Estimates

Significant assumptions were necessary in arriving at the inputs into the valuation model for modified and new share option arrangements (see Note 18).

3 Segmental reporting - continuing and discontinued operations

In February 2019 the Group sold all of its business and assets. Consequently, disclosure of segmental information is no longer appropriate, and instead the Group's results are reported separately under headings for the Group's continuing operations as a holding company and for the discontinued operations.

4 Discontinued operations

In February 2019, the Group disposed of the technology and consultancy operating segments, which formed the Group's trading activity operations. The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	Period ended 31 December 2019 £ 000	Year ended 31 March 2019 £ 000
Revenue	-	2,297
Expenses	-	(3,048)
Loss before tax	-	(751)
Tax expense relating to profit before tax of discontinued operations	-	141
Loss after tax	-	(610)
Profit on sale of business and assets	-	935
Tax on profit on sale of business and assets	-	-
Net gain attributable to discontinued operations	-	325

The carrying amount of assets and liabilities sold and profit on disposal may be summarized:

	Period ended 31 December 2019 £ 000	Year ended 31 March 2019 £ 000
Property, plant and equipment	-	13
Intangible assets	-	1,059
Other net liabilities	-	(721)
Net assets/(liabilities) sold	-	351
Disposal proceeds (Cash £1,240,000 Deferred consideration £46,000 - no fair value adjustment required for contingent consideration)	-	1,286
Profit on disposal	-	935

Contracts with customers:

The Group presents the following disclosures in accordance with IFRS 15 for all the contracts with customers that were sold in February 2019:

The cash (consumed) by the discontinued operations prior to disposal may be summarised:

	Period ended 31 December 2019 £ 000	Year ended 31 March 2019 £ 000
Operating activities	-	(303)
Investing activities	-	(192)
Cash consumed	-	(495)

Analysis of revenue from customers - 2019: 9 months (2019: 10 months):

	Period ended 31 December 2019 £ 000	Year ended 31 March 2019 £ 000
Technology contracts - over time basis	-	1,962
Consultancy contracts - point in time basis	-	335
Total revenue	-	2,297

Impairment losses for contract related assets - 2019: 9 months (2019: 10 months):

	Period ended 31 December 2019 £ 000	Year ended 31 March 2019 £ 000
Reserve for impairment losses	-	-

Contract balances

	Opening Balances £ 000	Closing Balances £ 000
Period ended 31 December 2019:		
Receivables:		
Non-current	-	-
Current	-	-
Contract assets	-	-
Contract liabilities - deferred income	-	-
Contract loss reserve	-	-
Year ended 31 March 2019:		
Receivables:		
Non-current	341	-
Current	459	-
Contract assets	-	-
Contract liabilities - deferred income	2,918	-
Contract loss reserve	6	-

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period were £Nil (2019: £2,918,000).

Revenue recognised in the reporting period from performance obligations satisfied in the previous period were £Nil (2019: £Nil).

The majority of customers were large multi-national entities and the contract terms with these customers require payment in advance of the delivery of contract obligations. Contract liabilities - deferred income relate to performance obligations that are unsatisfied at the end of the reporting period. These amounts are expected to be recognized in the following year.

5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	Period ended 31 December 2019 £ 000	Year ended 31 March 2019 £ 000
Wages and salaries	45	1,398
Social security costs	5	141
Other short-term employee benefits	3	59
Pension costs, defined contribution scheme	-	15
Redundancy costs	-	204
Share-based payment expenses	-	(35)
	53	1,782

After the sale of the business in February 2019, there were no full-time employees.

The average number of persons employed by the Group (including directors) during the year, analysed by category was as follows:

	Period ended 31 December 2019 No.	Year ended 31 March 2019 No.
Administration and support	3	23

6 Key management personnel

Key management compensation

	Period ended 31 December 2019 £ 000	Year ended 31 March 2019 £ 000
Salaries and other short-term employee benefits	50	506
Loss of office	-	182
Post-employment benefits	-	6
	50	694

Retirement benefits are accruing to no Company directors under a defined contribution scheme (2019: one).

The directors' emoluments are shown in the remuneration report on page 15.

As all full-time employees left the Group following the sale of the business in February 2019, for the period to 31 December 2019, the Directors of the Company are considered to be the key management personnel.

7 Other operating income

The analysis of the Group's other operating income for the period is as follows:

	Period ended 31 December 2019 £ 000	Year ended 31 March 2019 £ 000
Sub lease rental income	40	66

8 Operating loss

Arrived at after charging/(crediting)

	Period ended 31 December 2019 £ 000	Year ended 31 March 2019 £ 000
Depreciation expense	-	10
Amortisation expense	-	196
Foreign exchange (gains) / losses	6	161
Operating lease expense - property	52	151

9 Auditors' remuneration

	Period ended 31 December 2019 £ 000	Year ended 31 March 2019 £ 000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	20	40
Fees payable to the Company's auditor and its associates for other services:		
Audit of the accounts of subsidiaries	-	-
Tax advisory services	-	4
	20	44

10 Finance income and costs

	Period ended 31 December 2019 £ 000	Year ended 31 March 2019 £ 000
Finance costs		
Interest	-	8
Movement - fair value derivative financial instruments	-	34
Total	-	42

11 Income tax

Tax credited in the income statement

	Period ended 31 December 2019 £ 000	Year ended 31 March 2019 £ 000
Current taxation		
UK corporation tax - discontinued operations - Note 4	-	(141)

The tax on loss before tax for the period is less than (2019 - less than) the standard rate of corporation tax in the UK of 19% (2019 - 19%).

The differences are reconciled below:

	Period ended 31 December 2019 £ 000	Year ended 31 March 2019 £ 000
Loss before tax	(685)	(374)
Corporation tax at standard rate	(130)	(71)
Increase (decrease) from effect of capital allowances depreciation	-	2
Effect of revenues exempt from taxation	-	(197)
Effect of expenses not deductible in determining taxable profit (tax loss)	106	49
Increase (decrease) from effect of tax incentives	-	29
Tax decrease from utilisation of tax losses	-	154
Other tax effects for reconciliation between accounting profit and tax expense (income)	-	1
Increase (decrease) in UK and foreign current tax from unutilised tax losses	-	33
Increase (decrease) in UK and foreign current tax from R&D tax credits received relating to prior periods	-	(141)
Increase in tax losses carried forward which were unutilised in the current year	24	-
Total tax credit	-	(141)

At 31 December 2019 the company had unutilised tax losses of £9,000 (31 March 2019: £1,000). A deferred tax asset of £2,000 (31 March 2019: £nil) has not been recognised due to the uncertainty around the timing of the availability of taxable income to utilise the losses.

12 Earnings per share

The calculation of the Basic earnings per share (EPS) is based on the loss attributable to equity holders of the parent for the year from continuing operations of £685,000 (2019 - loss £699,000) and a profit on discontinued operations of £nil (2019 - profit £325,000) giving a net total loss for the year of £685,000 (2019 - loss of £374,000) and on a weighted average number of ordinary shares in issue of 101,094,276 (2019 - 52,989,928).

The diluted EPS for the continuing operations and the diluted EPS in total (and in the prior year) were the same as the Basic EPS as they were all losses. In the prior year, the diluted EPS for the discontinued operations is a profit of 0.57p. For the calculation of the diluted EPS for the discontinued operations, the profit used was the same as for the Basic EPS, and the Basic weighted average number of shares was increased by 4,428,860 shares in respect of the outstanding share options and convertible loan note. At 31 March 2019, 7,946,158 options were excluded because their effect would have been anti-dilutive. The average mark value of the shares for the purposes of calculating the dilutive effect was based on quoted market prices for the year during which the options were outstanding.

13 Investments

Group

Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held 2019	2019
Subsidiary undertakings				
Abal (Goswell) Limited	England and Wales	Ordinary shares	100%	100%

The business and assets of Abal (Goswell) Limited were sold in February 2019, and at the year end the company was dormant.

14 Property, plant and equipment

Group and Company

	Leasehold improvements £ 000	Fixtures and fittings £ 000	Equipment £ 000	Total £ 000
Cost or valuation				
At 1 April 2018	50	62	385	497
Disposal of business	(50)	(62)	(385)	(497)
At 31 March 2019	-	-	-	-
At 1 April 2019	-	-	-	-
Disposals	-	-	-	-
At 31 December 2019	-	-	-	-
Depreciation				
At 1 April 2018	48	62	364	474
Charge for year	1	-	9	10
Disposal of business	(49)	(62)	(373)	(484)
At 31 March 2019	-	-	-	-
At 1 April 2019	-	-	-	-
Charge for the year	-	-	-	-
At 31 December 2019	-	-	-	-
Carrying amount				
At 31 December 2019	-	-	-	-
At 31 March 2019	-	-	-	-

15 Intangible assets

Group and Company

	Software £ 000	Development costs £ 000	Total £ 000
Cost or valuation			
At 1 April 2018	409	1,842	2,251
Additions	7	198	205
Disposal of business	(416)	(2,040)	(2,456)
At 31 March 2019	-	-	-
At 1 April 2019	-	-	-
Additions	-	-	-
At 31 December 2019	-	-	-
Amortisation			
At 1 April 2018	378	945	1,323
Amortisation charge	26	167	196
Disposal of business	(404)	(1,112)	(1,516)
At 31 March 2019	-	-	-
At 1 April 2019	-	-	-
Amortisation charge	-	-	-
At 31 December 2019	-	-	-
Carrying amount			
At 31 December 2019	-	-	-
At 31 March 2019	-	-	-

16 Trade and other receivables

	Group As at 31 December 2019 £ 000	Group As at 31 March 2019 £ 000	Company As at 31 December 2019 £ 000	Company As at 31 March 2019 £ 000
Prepayments	-	45	-	45
Other receivables	67	76	67	76
Total current trade and other receivables	67	121	67	121

17 Share capital and reserves

Allotted, called up and fully paid shares

	As at 31 December 2019 No. 000	As at 31 December 2019 £ 000	As at 31 March 2019 No. 000	As at 31 March 2019 £ 000
Ordinary shares of £0.00002 (2019: £0.00002) each	101,094	2	101,094	2
Deferred shares of £0.04000 each	63,084	2,523	63,084	2,523
2018 Deferred shares of £0.01000 (2019: £0.01000) each	224,194	2,241	224,194	2,241
	388,372	4,767	388,372	4,767

Share premium account

This reserve records the consideration premium for shares issued at a value that exceeds their nominal value, less any costs incurred relating directly to the issue of these shares.

Other reserve account

This account acts as the share option reserve, and records both the charges to the profit with respect to unexercised employee share options and the fair values for outstanding share warrants.

	As at 31 December 2019 £ 000	As at 31 March 2019 £ 000
Reserve for granted employee share options	-	1,217
	-	1,217

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

The Ordinary shares carry rights to participate in dividends and distributions declared by the Company and each share carries the right to one vote at any general meeting. There are no rights of redemption attaching to the Ordinary shares.

Deferred shares have the following rights, preferences and restrictions:

The deferred shares carry no rights to receive any dividend or distribution and carry no rights to vote at any general meeting. On a return of capital the Deferred shareholders are entitled to receive the amount paid up on them after the Ordinary shareholders have received £100,000,000 in respect of each share held by them. The Company may purchase all or any of the Deferred shares at an appropriate consideration of £1.

2018 Deferred shares have the following rights, preferences and restrictions:

The deferred shares carry no rights to receive any dividend or distribution and carry no rights to vote at any general meeting.

Allotted, called up and fully paid shares

	As at 31 December 2019 No. 000	As at 31 December 2019 £ 000	As at 31 March 2019 No. 000	As at 31 March 2019 £ 000
At 1 April	388,372,275	4,767	287,277,999	4,765
Sub-division	-	-	224,193,710	-
Consolidation	-	-	(201,774,339)	-
Issued in the period/year	-	-	78,674,905	2
At 31 December/31 March	388,372,275	4,767	388,372,275	4,767

18 Share-based payments, convertible loan notes and derivative financial instruments

(1) Enterprise management scheme

Scheme details and movements

During the period the Group operated an approved Enterprise management scheme, an approved Incentive stock option agreement and an unapproved share option scheme.

For all schemes, options vest provided the employee who has been granted the option remains employed by the group at the earliest date that they may exercise the option. Each director or employee may exercise 50% of the options granted to them between two and ten years after the date of the grant. The remainder may be exercised between three and ten years after the date of the grant. Options are forfeited if the employee leaves the Company before the options vest. The options will be settled by the issue and allotment of fully paid ordinary shares.

Following the sale of the business, all options lapsed in August 2019.

The movements in the number of share options during the year were as follows:

	As at 31 December 2019 No.	As at 31 March 2019 No.
Outstanding, start of period	1,362,632	2,494,386
Granted during the period	-	-
Forfeited during the period	-	(1,131,754)
Lapsed during the period	(1,362,632)	-
Outstanding, end of period	-	1,362,632
Exercisable, end of period	-	533,631

The movements in the weighted average exercise price of share options during the year were as follows:

	As at 31 December 2019	As at 31 March 2019
Outstanding, start of period	23.5290p	30.9190p
Granted during the period	-	-
Forfeited during the period	-	37.2230p
Lapsed during the period	23.5290p	-
Outstanding, end of period	-	23.5290p
Exercisable, end of period	-	33.5260p

Outstanding share options at year end:

As at 31 December 2019 Number of options	As at 31 December 2019 Exercise price	As at 31 March 2019 Number of options	As at 31 March 2019 Exercise price
-	-	73,936	67.36p
-	-	3,753	25.20p
-	-	135,376	37.50p
-	-	51,567	48.80p
-	-	-	28.80p
-	-	538,000	16.25p
-	-	-	13.75p
-	-	560,000	17.50p
-		1,362,632	

The weighted average remaining contractual life is nil years (2019: 5.95 years).

The cost of options granted is spread over the option vesting period. The release for the year in relation to options held during the year is £1,216,965 (2019: release £35,304).

Fair value of options granted

There were no new options granted in the period (2019 - nil). The fair value of the new options in prior years were calculated using the Black-Scholes-Merton model. The cancelled options had fully vested prior to cancellation. The inputs into the model were as follows:

	2018	2017	2016	2015
Volatility	100%	100%	88%	88%
Expected life	10 years	10 years	10 years	10 years
Share price *	17.50p	16.25p	48.80p	37.50p
Exercise price *	17.50p	16.25p	48.80p	37.50p
Dividend yield	0%	0%	0%	0%
Risk-free rate	0.25%	0.25%	2%	2%

* Restated for the share consolidation in June 2018.

External independent experts were used in determining the expected volatility. The figure used was determined by calculating the historical volatility of the share price of companies considered by the experts to be comparable to the Company.

(2) Convertible loan notes and derivative financial instruments

During the year to 31 March 2019, a convertible loan note was issued, and then cleared by a debt for equity swap also in the year ended 31 March 2019. In addition two warrants for options to acquire shares were outstanding that arose as detailed below. These are outstanding at 31 December 2019 and have a fair value of £48,000 (31 March 2019: £53,000). Further details are included below.

At the year-end, there were two warrants outstanding for options to acquire shares with a combined year-end fair value of £48,000 (31 March 2019:£53,000). The valuation of the warrants and further detail to the transactions may be summarised as follows:

(i) In October 2018, following a placing of shares at 1.1p, a warrant was issued for 7,272,727 options to acquire shares, exercisable for 3 years at 1.1p per share option or, if lower, the 5 day average price on AIM prior to exercising the option. The year-end fair value of these warrants is 0.42p (31 March 2019: 0.39p) per option to acquire a share and has been calculated using the Black-Scholes model, and the year-end AIM listed share price of 0.85p (31 March 2019: 0.68p) giving a total fair value of £31,000 (31 March 2019: £35,000) for all these options to acquire shares. The other inputs into the model were volatility 111% (31 March 2019: 111%), dividend yield 0% (31 March 2019: 0%), and risk free rate of 2.1% (31 March 2019: 2.1%).

(ii) In October 2018, a 3 year unsecured convertible loan note ('CLN') for £90,000 was issued. The terms of the CLN was an interest rate of 7.5% pa, and the conversion repayment option was in two parts - the issue of shares to repay the principal amount of the loan, and a warrant with the option to purchase additional shares. If the conversion option was exercised, the ordinary shares for the loan repayment would be issued a price of 1.1p or, if lower, the 5 day average price on AIM prior to exercising the conversion option. The warrant was for a number of options to acquire shares equal to half the number of shares issued for the repayment of the loan. The terms of the warrant were for 3 years and an exercise price of 1.1p or, if lower, the 5 day average price on AIM prior to exercising the warrant option. In January 2019, the conversion option was exercised. For the repayment of the loan 8,181,818 ordinary shares were issued at a price of 1.1p. On conversion, warrants were issued for options to acquire 4,090,909 shares, and these warrants were outstanding at both 31 March 2019 and 31 December 2019. For accounting purposes, the CLN on issue was attributed a fair value of £69,000 by discounting the loan repayments at an unsecured interest rate of 18%. As the Group had no other comparable unsecured borrowings, higher or lower interest rates might have been applied to calculate the discount factor, but these would not change materially the fair value of the CLN.

The gain on issue was credited to profit and loss. On exercising the conversion option in January 2019, the release of the £19,000 difference between the carrying value of the loan and the legal value was credited direct to retained earnings. At the time of exercising this conversion option, the fair value of share warrants was £33,000 and these warrants were revalued at the year ended 31 December 2019 using the same basis and factors outlined in the previous paragraph 18(2)(i), and giving a total value for these warrants of £17,000 (31 March 2019: £18,000). The movement in the fair value was credited to profit and loss.

19 Trade and other payables

	Group As at 31 December 2019 £ 000	Group As at 31 March 2019 £ 000	Company As at 31 December 2019 £ 000	Company As at 31 March 2019 £ 000
Trade payables	304	65	304	65
Accrued expenses	58	318	58	318
Social security and other taxes	3	39	3	39
Outstanding defined contribution pension costs	-	1	-	1
Other payables	44	40	44	40
	409	463	409	463

20 Pension and other schemes

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group and Company in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund.

The total pension charge for the year represents contributions payable by the Group to the scheme and amounted to £Nil (2019: £15,000).

Contributions totalling £nil (2019: £500) were payable to the scheme at the end of the year and are included in creditors.

21 Commitments

Group

Capital commitments

There are no material capital commitments at the year end (2019: £Nil).

Other financial commitments

As at 31 December 2019 the group had non-cancellable operating leases relating to three properties occupied by the group as set out below:

Minimum future payments:	As at 31 December 2019 Land and buildings £ 000	As at 31 March 2019 Land and buildings £ 000
Due within one year	-	35
Later than one year and not later than five years	-	-
	-	35

22 Financial instruments

Financial assets - Group and Company

	Carrying value As at 31 December 2019	Carrying value As at 31 March 2019	Fair value As at 31 December 2019	Fair value As at 31 March 2019

	£ 000	£ 000	£ 000	£ 000
Cash and cash equivalents	81	771	81	771
Trade receivables - non-current	-	-	-	-
Trade receivables - current	-	-	-	-
Other receivables - current	46	46	-	46
	127	817	81	817

Valuation methods and assumptions: The directors believe that the fair value of all financial assets approximates to the carrying value - see Note 16 for further details about trade receivables.

Financial liabilities - Group and Company

	Carrying value		Fair value	
	As at 31 December 2019 £ 000	As at 31 March 2019 £ 000	As at 31 December 2019 £ 000	As at 31 March 2019 £ 000
Financial liabilities at amortised cost:				
Trade and other payables	348	105	348	105

	Fair value	
	As at 31 December 2019 £ 000	As at 31 March 2019 £ 000
Financial liabilities at fair value through profit and loss:		
Derivative financial instruments	48	53

Valuation methods and assumptions: The directors believe that the fair value of trade and other payables approximates to the carrying value - see note 18 for further details of the fair value of derivative financial instruments.

Risk management

Until the sale of the business in February 2019, the Group was exposed through its operations to the following financial risks: credit risk, foreign exchange risk; and liquidity risk.

In common with all other businesses, the Group was exposed to risks that arose from its use of financial instruments. This note describes the Group's former objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, were as follows:

- trade receivables;

- cash at bank; and

- trade and other payables.

General objectives, policies and processes

The board had overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it had delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The board received monthly reports from the chief Financial Officer through which it reviewed the effectiveness of the processes put in place and the appropriateness of the objectives and policies it had set. The overall objective of the board was to set polices that sought to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Interest rate risk

At present the directors do not believe that the Group has significant interest rate risk and consequently does not hedge against such risk. Cash balances earn interest at variable rates.

The Group's financial assets as at 31 December 2019 comprised cash at bank of £81,000 (2019: £771,000). Interest is paid on cash at floating rates in line with prevailing market rates.

Sensitivity analysis

At 31 December 2019, had the LIBOR 1 MONTH rate increased by 1% with all other variables held constant, the increase in interest receivable on financial assets would amount to approximately £1,000 (2019 - £1,000). Similarly a 1% decrease in the LIBOR 1 MONTH rate with all other variables held constant would result in a decrease in interest receivable on financial assets of approximately £1,000 (2019 - £1,000).

Credit risk and impairment

Credit risk is the risk of financial loss to the group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings take into account local business practices. The Group has a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. To manage this, the Group has made sure that they use reputable banks.

Until the sale of the business in February 2019, the Group's chief financial officer monitored the utilisation of the credit limits regularly.

Foreign exchange risk

Foreign exchange risk arose because the Group had operations located in various parts of the world whose functional currency was not the same as the functional currency in which the Group companies were operating. Although its global market penetration reduced the Group's operational risk in that it had diversified into several markets, the Group's net assets arising from such overseas operations were exposed to currency risk resulting in gains or losses on retranslation into sterling. Only in exceptional circumstances would the group consider hedging its net investments in overseas operations as generally it did not consider that the reduction in foreign currency exposure warranted the cash flow risk created from such hedging techniques.

The group's policy was, where possible, to allow group entities to settle liabilities denominated in their functional currency (primarily US dollars or pound sterling) with the cash generated from their own operations in that currency. Where group entities had liabilities denominated in a currency other than their functional currency (and had insufficient reserves of that currency to settle them) cash already denominated in that currency was, where possible, transferred from elsewhere within the group.
Currency profile

Financial assets
- Cash Sterling: £77,000 (2019 - £670,000)
- Cash US dollar: £4,000 (2019 - £101,000)
- Trade receivables Sterling: £nil (2019 - £nil)
- Trade receivables US dollar: £nil (2019 - £nil)
- Trade receivables Euro: £nil (2019 - £nil)

Financial liabilities
- Trade payables Sterling: £304,000 (2019 - £51,000)
- Trade payables US dollar: £nil (2019 - £15,000)
- Trade payables Euro: £nil (2019 - £nil)

Sensitivity analysis

At 31 December 2019, if Sterling had strengthened by 10% against USD with all other variables held constant, profit before tax for the year would have been approximately £nil (2019 - £12,000 higher), mainly as a result of foreign exchange losses on translation of USD denominated cash and cash equivalents and trade receivables, compensated by foreign exchange gains on translation of USD denominated trade payables and deferred revenues.

Conversely, if Sterling had weakened by 10% against USD with all other variables held constant, profit before tax for the year would have been approximately £nil (2019 - £12,000 lower).

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The board received rolling 12-month cash flow projections on a regular basis as well as information regarding cash balances. At the statement of financial position date, these projections indicated that the group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

There were no undrawn facilities at 31 December 2019 or 31 March 2019.

Capital risk management

Capital management
The Group's capital management objectives are to ensure the Group is appropriately funded to continue as a going concern and to provide an adequate return to shareholders commensurate with risk. The Group defines capital as being total shareholder's equity. The Group has no external debt finance and hence gearing is not measured. The Group's capital structure is periodically reviewed and, if appropriate, adjustments are made in the light of expected future funding needs, changes in economic conditions, financial performance and changes in Group structure.

The Group adheres to the capital maintenance requirements as set out in the Companies Act.

Capital for the reporting periods under review is summarised as follows:
- Total equity: £(309,000) (2019: £376,000)
- Cash and cash equivalents: £81,000 (2019: £771,000)

23 Related party transactions

Shawn Taylor, Simon Charles and John Treacy are all related parties by virtue of their directorships during the period. The directors' emoluments are shown in the remuneration report on page 16. At the period end £Nil (2019: £30,000) was outstanding.

Simon Charles is a partner in Marriott Harrison LLP, legal advisors to the Company. During the period the Company incurred legal fees and disbursements with Marriott Harrison LLP amounting to £82,782 (2019 - £126,222). At the year-end £Nil (2019 - £20,154) was outstanding.

John Treacy was a director and shareholder of YTC Consultancy Services Limited ("YTC"). During the period the Company incurred consultancy fees and disbursements with YTC amounting to £71,675 (2019 - £126,222). At the year-end £56,500 (2019 - £20,154) was outstanding.

John Treacy was a director of Eight Capital Partners Plc, the largest shareholder in the Company at the time.

The following transactions occurred during the period and at the end of the year the following amounts were due to related parties. The Company made purchases of services from Abal (Goswell) Limited in the period totalling £Nil (2019 - £15,000). At 31 March 2019 Abal (Goswell) Limited owed the Company £Nil (2019 - £Nil).

24 Controlling party

At 31 December 2019 the Directors do not believe that a controlling party exists.

Following the transaction disclosed in note 25, the directors believe that the board of directors control the Company.

25 Subsequent events

On 23 March 2020, Supply@ME Capital plc completed the following transactions, details of which are disclosed in the prospectus dated 4 March 2020:

- reverse acquisition of Supply@ME S.r.l., a company registered in Italy;
- placing of 331,604,094 shares; and
- admission to the Official List and trading on the London Stock Exchange's Main Market.

The transaction was effected by way of the issue of consideration shares. Due to Supply@ME Capital plc effectively having no substance, and in fact Supply@ME S.r.l. was acting as the parent of the Group, the consolidated Group is to be accounted for as a capital reorganisation rather than a business combination. Future financial statement will be prepared on the basis that Supply@ME S.r.l. is the accounting acquirer and Supply@ME Capital plc the accounting acquiree.

In December 2019, a novel strain of coronavirus ("COVID-19") surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption around the world. COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization on 30 January 2020. Further information regarding the impact Covid-19 on the operations of the business is included in the Directors' Report.

[1] "Gross origination" includes all client companies that have signed an NDA, a term sheet, or are in or have completed the onboarding process.

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