NS Annual Financial Report

INDEPENDENT AUDITOR'S REPORT

SUPPLY@ME CAPITAL PLC

Released 17:02:18 09 May 2024

RNS Number : 8693N
Supply@ME Capital PLC
09 May 2024

9 May 2024

Supply@ME Capital plc

(the "Company", "Supply@ME" or "SYME" and, together with its subsidiaries, the "Group")

Independent Auditor's Report

SYME, the fintech business which provides an innovative fintech platform (the "**Platform**") for use by manufacturing and trading companies to access Inventory Monetisation© ("**IM**") solutions enabling their businesses to generate cashflow, following the announcement of and with reference to its 2023 Annual Report and Accounts provided on the 1 May 2024, provides the full independent auditor's report received from its auditors, Crowe U.K. LLP, dated 30 April 2024. SYME expects to publish the full Annual Report and Accounts on its website shortly.

Independent auditor's report to the members of Supply@ME Capital plc

Opinion

We have audited the financial statements of Supply@ME Capital plc (the "**Company**") and its subsidiaries (the "**Group**") for the year ended 31 December 2023 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated statement of cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw your attention to note 2 which indicates the existence of uncertainties in relation to assumptions about future trading and the quantum and timing of financing transactions that support the going concern basis of preparation. As stated in note 2, these events or conditions, along with other matters as set forth in note 2 indicate that a material uncertainty exists that may cast significant doubt on the Group's and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and company's ability to continue to adopt the going concern basis of accounting included:

- we reviewed and challenged the forecast revenues and agreed, where possible, to underlying term sheets. The resulting cash flows within the assessment period are uncertain and this fact is disclosed in note 2;
- we challenged management over the forecast of cash inflows from financing activities, the receipt of which the going concern assumption is reliant on. We removed these cashflows from the model to ascertain whether they were material to the model. The reliance on the model to these inflows and the uncertainty over the quantum and timing are disclosed in note 2;
- we tested the mathematical accuracy of the model;
- we reviewed forecast cost assumptions having regard to historic experience and current trading levels;
- we agreed the appropriateness of the time period covered by the assessment; and
- we reviewed the appropriateness of the disclosure made and its consistency with our review of the going concern assessment.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be £208,000 (2022 £600,000), based on approximately 5% of the loss before tax for the year. Materiality for the parent company financial statements as a whole was set at £190,000 (2022: £310,000) based on 4% of its individual result.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. We determined performance materiality to be £124,800 (2022 £360,000) for the Group and £114,000 (2022: £186,000) for the parent company. Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £10,000 (2022: £7,200). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

As at 31 December 2023, the group consists of three components, Supply@ME Capital plc, a holding company based in London, United Kingdom and its trading subsidiaries, Supply@ME Srl and Supply@ME Technologies Srl both based in Italy. Supply@ME Capital plc was audited by us and was conducted from the UK. Audit work on the significant non-UK components being Supply@ME Srl, and Supply@ME Technologies Srl were carried out by a member of the Crowe Global network as component auditor. Limited procedures were performed by a member of the Crowe Global network on disclosures relating to TradeFlow Capital Management Pte Ltd, which is based in Singapore, a component which was disposed of in the year.

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team. For the full scope components in Italy, where the work was performed by component auditors,
we determined the appropriate level of involvement to enable us to ensure that sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group as a whole.

The primary team led by the Senior Statutory Auditor was ultimately responsible for the scope and direction of the audit process. The primary team, using technology, interacted regularly with the component teams where appropriate during various stages of the audit, reviewed working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the material uncertainty relating to going concern above, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our scope addressed the key audit matter
Disposal of TradeFlow Capital Management Pte Ltd As disclosed in note 26 to the financial statements, during the year the group disposed of 81% of TradeFlow Capital Management Pte Ltd. The conditions for discontinued operations were met and this has had a pervasive impact across the primary financial statements and related notes. In addition, linked to this transaction, the group was left with a 19% residual interest that is accounted for at fair value, which is inherently judgmental and the consideration for the transaction was novated to The AvanteGarde Group and was not settled by 31 December 2023.	To assess the adequacy of the accounting for the presentation as Assets held for sale and Discontinued operations: • We agreed the sale transaction to the signed share purchase agreement, noting the key terms. • We reviewed the disclosures having regard to the requirements of IFRS 5. • We considered the criteria for significant influence to exist which could impact the accounting for the residual interest. • We challenged managements calculation of the Fair value of the residual interest at the disposal and reporting date and a downward fair value adjustment was recorded following our challenge. • We performed specified procedures on the result of the entity prior to disposal and the assets and liabilities at the disposal date. • We recalculated the associated gain on disposal, including agreeing the consideration to the share purchase agreement and agreeing the net assets disposed to supporting documentation.

Key audit matter	How our scope addressed the key audit matter
Given the size and importance of the disposal of TradeFlow Capital Management Pte Ltd and the additional accounting considerations that arose this was a key area of focus for our audit.	• We assessed the recoverability of the consideration receivable. **Key observation:** We concluded that the accounting for the sale of TradeFlow Capital Management Pte Ltd was appropriate.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities set out on page 114, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- enquiry of management and those charged with governance about the Company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance; the laws and regulations we considered in this context were relevant company law and taxation legislation;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the Board of directors and the Audit Committee minutes;
- enquiry of management about litigations and claims and inspection of relevant correspondence;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- analytical procedures to identify any unusual or unexpected relationships;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;

- review of accounting estimates for biases; and
- Communications with component auditors to request identification of any instances of non-compliance with laws and regulations that could give rise to a material misstatement of the group financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by management on 22 September 2020 to audit the financial statements for the period ending 31 December 2019. Our total uninterrupted period of engagement is 5 years, covering the periods ending 31 December 2019 to 31 December 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the company and we remain independent of the group and the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Leo Malkin
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

30 April 2024

Contact information

Alessandro Zamboni, CEO, Supply@ME Capital plc, investors@supplymecapital.com

Notes

SYME and its operating subsidiaries provide its Platform for use by manufacturing and trading companies to access inventory trade solutions enabling their businesses to generate cashflow, via a non-credit approach and without incurring debt. This is achieved by their existing eligible inventory being added to the Platform and then monetised via purchase by third party Inventory Funders. The inventory to be monetised can include warehoused goods waiting to be sold to end-customers or goods that are part of a typical import/export transaction.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our Privacy Policy.

END

ACSQKLFBZELBBBF

London Stock Exchange plc is not responsible for and does not check content on this Website. Website users are responsible for checking content. Any news item (including any prospectus) which is addressed solely to the persons and countries specified therein should not be relied upon other than by such persons and/or outside the specified countries. Terms and conditions, including restrictions on use and distribution apply.

© 2024 London Stock Exchange plc. All rights reserved.