Cloudified Holdings Limited

Cloudified Holdings Limited

Report and financial statements
year ended 31 March 2023

Company number 1730012 (British Virgin Islands)

Cloudified Holdings Limited ("Cloudified" or the "Company" or the "Group"), Cloudified Holdings is an AIM-listed shell company. The Company's business purpose is to seek the acquisition of, or a merger with, an existing company.

Strategic Report

The Directors present the Strategic Report of the Company for the year ended 31 March 2023.

Business Review

Historically, the Group functioned as a provider of cyber security services to the SME market via its former subsidiary Falanx Cyber Defence Limited. On 12 December 2023, the Group finalised the sale of its cyber security assets, transitioning to a cash shell in accordance with AIM Rule 15 on the same day.

Throughout the financial year, the former cyber security business made several strategic investments aimed at promoting growth. Despite these efforts, there was no significant growth in Monthly Recurring Revenue (MRR). This triggered a comprehensive review to determine the best means of enhancing shareholder value. Shifts in the customer market landscape were observed, characterised by an increasing tendency among customers to procure services from Managed Service Providers ("MSPs"), and the emergence of the MSP driven Microsoft Sentinel as a prominent cyber security platform. Compounded by a decelerating economy and various external factors, the prospects of the former business operating as a self-sustaining business which could generate the necessary cash flows were diminished. Consequently, faced with the necessity to refinance debt amidst challenging equity (and debt) markets especially for small companies, the board decided to initiate a formal sale process. This sale was announced on 9 November 2023 and successfully concluded on 12 December 2023. As a result, all trading activities within the Group ceased, transitioning the Company into a cash shell.

The directors are actively pursuing the acquisition of another company or business, in exchange for the issue of ordinary shares in a single transaction via an RTO. Such a transaction will only proceed with the approval of shareholders. In deliberating the Company's future direction, the directors are committed to identifying opportunities that hold the potential for value creation and returns to shareholders over the medium to long term, whether in the form of capital appreciation or dividends. While the Company has pinpointed potential opportunities, it is important to note that at this stage there is no certainty that these opportunities will lead to a transaction.

Principal Risks and Uncertainties

On 12 December 2023 the Company became an AIM Rule 15 cash shell and as such will be required to make an acquisition or acquisitions which constitutes a reverse takeover under AIM Rule 14 (including seeking re-admission as an investing company (as defined under the AIM Rules)) on or before the date falling six months from that date or be re-admitted to trading on AIM as an investing company under AIM Rule 8 (which requires the raising of at least £6 million in cash via an equity fundraising on, or immediately before, re-admission). Failure to meet this deadline will result in the Company's ordinary shares would then be suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM would be cancelled six months from the date of suspension should the reason for the suspension not have been rectified pursuant to AIM Rule 41.

The Group's results for the year are set out in the consolidated statement of comprehensive income.

Financial Review

Income Statement

In the year to 31 March 2023, continuing operations solely comprised of costs held in the Company. Some of these were for support services (IT, finance, HR & legal) across the wider Group, as well as board and listing related costs. Towards the end of the year, they were reduced, and when the Group became a cash shell on 12 December 2023, they were very significantly reduced to an average of £30,000 per month to support the cash shell.

Discontinued operations (loss £1.36m, 2022: profit £2.44m) represented the trading of cyber security division, with the prior year also reflecting the £3.50m gain on the sale of the Assynt strategic intelligence division which completed on 6 October 2021. In 2023 the Cyber Division's revenues had grown by c.9% but this was much less than planned as referenced previously. This loss included all amortisation and interest costs in the Group, with the latter relating to borrowings held by the former subsidiary. On completion of the disposal these borrowing costs were wholly eliminated.

Statement of Financial Position

Assets (and liabilities) held for sale arising from discontinued activities represented items transferred on completion of the disposal. The intangible assets arose from goodwill, acquired customer bases and R&D assets and were wholly related to the cyber security division. The Reading premises, which were used by the discontinued operations but were leased by the Company, were assigned to the buyers on completion. Consequently, the premises related right of use asset (and associated liabilities), as well as office infrastructure, have all been included within items held for sale, and were transferred from the Group on completion of the disposal on 12th December 2023. Similarly, all trade debtors, R&D tax credit assets, deferred incomes, prepayments, creditors, accruals, and borrowings, which related to the cyber security division were transferred on completion of the sale and therefore also were transferred from the Group on the same day.

Remaining assets & liabilities related to cash balances, routine prepayments and trade creditors and accruals.

Overall shareholders' funds decreased to £1.80m (2022: £4.35m) due to losses from continuing and discontinued operations.

Strategic Report

Cash Flow Statement

Losses incurred by the Group combined with the commencement in October 2022 of repayments of the loan (including increasing interest charges) from BOOST&Co led to an increase in cash outflows of £2.50m (2022 inflow £2.94m).

Events After Reporting Date

On 9 November 2023, the Company announced the sale of its cyber security division. The purchaser, Thetis Bidco Limited, the owner of Wavenet Ltd, an MSP supported by MacQuarrie, acquired the division for an enterprise value of £4.2m, subject to customary adjustments for debt, intercompany balances, and working capital normalisation. Shareholder approval for the sale was obtained at the general meeting convened on 27 November 2023, with the transaction being finalised on 12 December 2023.

Movements in cash since the completion of the disposal on 12 December 2023 to the 29 February 2024 are set out below.

	£'000
Enterprise Value (payable in cash)	4,200
Adjustments for borrowings, debt and working capital	(2,365)
Transaction Costs	(563)
Restructuring Costs	(705)
Cash at 29 February 2024	567

Following the completion of the sale, the Company swiftly adjusted its operational structure to align with its new status as a cash shell, resulting in significant reductions in Group expenses and the implementation of redundancies for executives and other personnel in accordance with their contractual terms. As of 29 February 2024, the Company's cash balances were approximately £567,000 which was greater the anticipated level forecasted at the time of the disposal announcement on 9 November 2023. The Group is now debt free, and the expected ongoing cost base is around £30,000 per month.

On behalf of the Board

Ian Selby

I R Selby
Director

28 March 2024

Directors'

Alex Hambro

Alex Hambro has been active in the private equity sector both in the UK and the USA for some 31 years, during which time he has acted as a principal investor, manager and sponsor of private equity and venture capital management teams. In addition to his responsibilities at Cloudified Holdings plc, Alex is also Chairman of Judges Scientific plc, and a Non-Executive Director of Octopus Apollo VCT plc, Oberon Investments Group plc, and a small portfolio of private companies.

Mike Read

Mike Read (Director) has over 30 years' experience in the global Telecommunications, Media, and Technology (TMT) sector and has been a director of eight public companies. He has held numerous 'C' level roles in the UK and USA, including, CEO of Pipex Communications, Executive Director at Daisy Group Plc, Non-Executive Director at Nasstar Plc, and Non-Executive Chairman at IntY Limited. Mike has significant experience helping to build international technology companies, having been involved on over 50 M&A transactions. Mike was previously the Group's CEO before the disposal of trading assets on 12 December 2023.

Ian Selby

Ian Selby (Director) is a Chartered Accountant with significant experience in the technology, security, and business services sectors. He was previously the CFO of AIM listed Westminster Group plc where he supported the development of their successful managed services business and the raising of the associated financing. Prior to this, he was Group Finance Director of Zenith Hygiene Group plc, where he was instrumental in executing a successful trade sale and prior to this was the CFO of a listed software company focused on financial and public sectors. Ian has held international finance roles in listed technology companies including Halliburton Inc, Sybase Inc and Micro Focus plc. He qualified as a Chartered Accountant with Coopers & Lybrand Deloitte and holds a degree in Physics from the University of Birmingham. Ian was previously the Group's CFO and Company Secretary before the disposal of trading assets on 12 December 2023.

Directors' Report

The Directors present the Directors' Report of the Company for the year ended 31 March 2023. A review of the business is included in the Strategic Report on pages 1 and 2.

The Directors who served the Company during the year and up to the date of this report were as follows:

Executive Directors

M D Read became non-executive 12 December 2023
I R Selby became non-executive 12 December 2023
R A Flood (appointed 18 October 2022, resigned 12 December 2023

Non-Executive Directors

E Shaw (resigned 12 December 2023)
A Hambro
W Kilmer (appointed 18 October 2022, resigned 12 December 2023)

Directors' interests

The Directors' interests in the share capital of the Company at the year-end were as stated below:

	2023		2022	
	Number of shares	**% Held**	Number of shares	% Held
M D Read^	**172,581**	**3.27%**	162,582	3.09%
E Shaw	**13,670**	**0.26%**	13,670	0.26%
I R Selby	**41,599**	**0.79%**	41,599	0.79%
A Hambro	**33,700**	**0.64%**	33,700	0.64%
R A Flood (*)	**18,097**	**0.34%**	-	-

^ M D Read had 60,000 warrants which lapsed on 12 December 2023.
(*) appointed 18 October 2022

Directors' remuneration in the year

	Salary and fees	Benefits in kind	Pension contribution	Bonus	**2023 Total**	2022Total
	£	£	£	£	**£**	£
Executive Directors:						
M D Read	97,778	7,302	—	1,250	**106,330**	308,055
I R Selby	144,667	2,190	1,761	1,250	**149,868**	257,215
R A Flood (*)	70,734	1,619	804	1,250	**74,407**	—
Non-executive Directors:						
E Shaw (*)	36,000	—	—	—	**36,000**	31,000
A Hambro	36,000	—	—	—	**36,000**	31,000
W Kilmer (**)	21,000	—	—	—	**21,000**	—
	406,179	11,111	2,565	3,750	**423,605**	627,270

(*) Left 12 December 2023, ** appointed 18 October 2024, resigned 12 December 2023*. Rick Flood had a loan which was advanced to him before he became a director. The outstanding amount on 31 March 2023 was £13,119 and it carried an annual interest of 4.75%. This was fully paid down on before he resigned on 12 December 2023.

From the start of February 2023 Mike Read and Ian Selby voluntarily reduced their remuneration to reduce the Group's cash outlay by reducing the number of days they worked to one and three per week respectively. Any extra days worked beyond these would only be paid out on completion of a successful sale of the Group or its assets. Completion of the sale was treated as a change of control and executive service agreements were terminated at that point under standard compromise agreements, with contractual 12 month notice periods being paid. No bonuses arose from this transaction. Mike Read and Ian Selby have remained as directors £36,000 per annum, their contracts are under the same non-executive letters of appointment as Alex Hambro, and no directors have any employment rights. Non-executive directors have a three-month written notice period each way.

Directors’ Report

Directors Interests in Share Options

The interests of Directors in options over the share capital of the Company at year end were as stated below:

192.5 pence options	**2023**	2022
	Number	Number
M D Read	**50,000**	50,000
I R Selby	**50,000**	50,000
R A Flood (appointed 18/10/22)	**50,000**	—

These share options were granted in September 2019 at a price 192.5 pence. All options are exercisable between 1 April 2020 and 31 March 2030. They vest in three tranches: the first tranche immediately exercisable, the second tranche when the share price reaches 289p (50% above exercise price for 1 month) and the third tranche when the share price reaches 385p (100% above exercise price for 1 month), save for the event of a change of control in the Company, in which case they will vest in full. They were granted under the rules of the EMI scheme, and where an individual grant does not fall within HMRC EMI rules they are granted as an unapproved option which will typically be subject to PAYE and NI. As referenced in the previous annual report, they were cancelled and reissued as EMI options in April 2021, with there being no other changes to key terms. These share options will lapse on 12 December 2024.

50 pence options	**2023**	2022
	Number	Number
M D Read	**50,000**	-
I R Selby	**50,000**	-
R A Flood	**50,000**	-
E Shaw	**16,000**	-
W Kilmer	**22,000**	-

These options were granted on December 2022 at an Exercise Price of 50 pence each. being the closing mid-market price on 21 December 2022, and have the following vesting criteria.

- 33% provided that the average share price of the Company exceeds 75 pence (50% share price growth over the Exercise Price) for a period of 10 business days;
- 33% provided that the average share price of the Company exceeds 100 pence (100% share price growth over the Exercise Price) for a period of 10 business days; and
- 34% provided that the average share price of the Company exceeds 125 pence (150% growth over the Exercise Price) for a period of 10 business days.

Once vested, these options are exercisable between 1 January 2023 and 12 December 2024 when they lapse.

Salary Sacrifice Scheme

In April 2020 in response to the COVID-19 situation the company implemented a voluntary salary sacrifice scheme whereby cash remuneration was swapped for share options for staff and executives and warrants for non-executives. Emma Shaw, Mike Read and Ian Selby (as well as other executives and staff) waived certain of their previously granted options (& warrants) as detailed above to allow for headroom for the new issue. The issuance of new options was not conditional on the sacrifice of existing options. These all have an exercise price of 100p each and a duration of 10 years. Warrants have similar economic characteristics to the options. The closing price on the night before this scheme was first announced on 31 March 2020 was c55p and the exercise price represented an uplift of 75%. Both the options and warrants have customary good leaver and bad leaver provisions and acceleration of vesting criteria in certain specified circumstances.

Director	**Number of options granted**
M D Read	66,000
I R Selby	25,200
R A Flood (appointed 18/10/22)	49,992

These options which were unapproved from a taxation perspective, were surrendered in April 2021 and were immediately reissued under identical terms under the Group’s EMI scheme.

The table below sets out details on the issue of the options in respect of non-executive directors. The economic characteristics of warrants are very close to a similar (unapproved) share options.

Directors’ Report

Non-Executive Director	Number of warrants granted (*)
A Hambro	12,000
E Shaw	3,996

(*) warrants are nearly identical to share options and have been included within those total and treated as such for accounting purposes.

In total 314,000 options (under EMI scheme) and 15,996 warrants were issued to directors, senior managers, and staff. To reduce the overall number of options outstanding to mitigate against future dilution approximately 0.257m options were waived. The overall scheme saved approximately £0.2m of cash remuneration costs during the period it operated between 1 April 2020 and 30 September 2020.

Directors' interests in transactions

No director had, during or at the end of the year, a material interest in any contract which was significant in relation to the Group's business, except in respect of service agreements and as disclosed below. On 18 August 2021, the Company announced a new loan facility from BOOST&Co, and the facility was arranged by Welbeck Ventures Limited who received 2% of the loan on completion in respect of advisory fees. Alex Hambro (Non-Executive Chairman) is also a director of Welbeck Ventures Limited

Dividends

The consolidated statement of comprehensive income for the year is set out on page 16 and shows the profit for the year.

The Directors do not recommend the proposal of a final dividend in respect of the current year.

Political and charitable donations

There were no political and charitable donations made by the Group during the year.

Financial Reporting

The Board has ultimate responsibility for the preparation of the annual audited Financial Statements. A detailed review of the performance of the Company is contained in the Strategic Report on pages 1 and 2. With the Strategic Report, the Board seeks to present a balanced and understandable assessment of the Company's position, performance, and prospects.

Internal Control

A key objective of the Directors is to safeguard the value of the business and assets of the Company. This requires the development of relevant policies and appropriate internal controls to ensure proper management of the Company's resources and the identification and mitigation of risks which might serve to undermine them. The Directors are responsible for the Company's system of internal control and for reviewing its effectiveness. It should, however, be recognised that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

Creditor Payment Policy

The policy of the Company is to:

- Agree the terms of payment with suppliers when settling the terms of each transaction.
- Ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- Pay in accordance with its contractual and other legal obligations provided suppliers comply with the terms and conditions of supply.

Trade payables now all relate to sundry administrative overheads and disclosure of the number of days' purchases represented by year end payables is therefore not meaningful.

Provision of Information to Auditors

So far as each of the Directors is aware at the time this report is approved:

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

Directors' Report

Memorandum & Articles of Association

Since the completion of the sale of the cyber business in December 2023 the Group has no trading assets. All subsidiaries are dormant, and many will be liquidated.

The Group's memorandum and articles of association were revised in March 2019 to align with UK incorporated entities more closely. The Group is fully resident and registered in the UK from a tax perspective. The Group's articles were changed at the AGM held on 8 December 2022 to rename the company Falanx Cyber Security Limited from Falanx Group Limited to better reflect its then focus of activity. At that meeting the shareholders approved the consolidation of the Company's share capital by 100:1.

Following on from the disposal of the Cyber Division which was approved at the General Meeting held on 27 November 2023 the Memorandum and Articles of Association were varied to remove the obligation for the Company to hold AGMs, and to give the directors the ability to appoint liquidators to distribute funds via a member's voluntary liquidation ("MVL") if an RTO could not be completed. At that meeting the Company's name was changed to Cloudified Holdings Limited.

Going Concern & Future Cash Flow

The company is now a cash shell with no trading operations. On 29 February 2024 it had cash balances of £567,000 and has an expected cash consumption of c£30,000 per month comprising of directors' fees, audit costs and advisory fees. The sale of the Cyber Division in December 2023 included a Warranties and Indemnities insurance policy which caps the Company's liabilities (save in the case of fraud) at £1. The major expected cost going forward is expected to be professional fees which will be incurred on pursuing RTO opportunities. The board in conjunction with advisors will screen investment opportunities carefully ahead of incurring fees, to understand the ability of a target to list successfully via an RTO and will seek legally binding cost coverage and exclusivity protections from potential targets when agreeing heads of terms with them as well as contingent fee arrangements where practicable.

The definition of a going concern is that of "any entity unless its management intends to liquidate the entity or to cease trading or has no realistic alternative to liquidation or cessation of operations". The directors have taken the decision to cease trading through the disposal of all subsidiaries of the Company and, as such, have prepared the financial statements on a basis other than a going concern. Whereas a result of preparing the accounts on a basis other than going concern, gains have not been recorded on assets in cases where the realisation of assets is greater than the value held within the financial statements as a result of events that have occurred subsequent to 31 March 2023. The directors do not consider that this basis of preparation has given rise to any material differences compared to the financial statements prepared on a going concern basis.

The directors will consider returning cash to shareholders by way of a solvent members voluntary liquidation process should a suitable transaction not be viewed as not likely to complete. The directors obtained such authority to appoint liquidators to carry out an MVL at the general meeting held on 27th November 2023.

Substantial shareholdings

On 28 February 2024 the following were holders of 3% or more of the Group's issued share capital:

Registered holder	Number of Ordinary Shares	Percentage of Issued Capital
Octopus Investments Nominees Limited	500,000	9.50%
Dowgate Capital	356,877	6.78%
Unicorn VCT	333,333	6.33%
Brian Cranston	180,000	3.42%
Michael David Read (director)	172,581	3.28%

Auditors

The auditors BDO LLP resigned on 31 October 2023 due to delays caused by the sale process of the cyber division and the consequent impact on timescales, availability of audit staff and potential cost increases. Hays Macintyre were appointed on the same day to audit the group.

Disclosure of information to the auditors

So far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware and they have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Group's auditors are promptly aware of that information.

Statement of Directors' Responsibilities

The Statement of Directors' Responsibilities can be found on page 10 of these financial statements. The Statement of Directors' Responsibilities forms part of the Directors' report.

Directors’ Report

Corporate Governance

The Company became a cash shell on 12 December 2023 following completion of the sale of the cyber security trading business. As the Board of Directors consists of only Alex Hambro, Mike Read and Ian Selby and the Company has no trading business, all board committees have been dissolved, and all responsibilities are now for the Board as a whole which the Board considers appropriate given the revised profile of the Company as a cash shell.

The Company and its Directors will continue adopt the Quoted Companies Alliance (“QCA”) code and its 10 principles as far as is reasonable, in the opinion of the Board, given its status as a cash shell. It is intended that on completion of an RTO, the Company will adopt the QCA Code in full.

The QCA Code sets out 10 principles that should be applied. These are listed below together with a short explanation of how the Company applies each of the principles:

1. Establish strategy and business model which promote long-term value for shareholders

The Company became a cash shell in accordance with AIM Rule 15 on 12th December 2023, following the sale of its operating business. As a result, the Board are seeking to acquire another company or business in exchange for the issue of Ordinary Shares in a single transaction (a “**reverse takeover**” or “**RTO**”), which will only be able to proceed with Shareholder approval. In considering the Company’s future strategy, the Board will seek to identify opportunities offering the potential to deliver value creation and returns to Shareholders over the medium to long-term in the form of capital and/or dividends.

2. Seek to understand and meet shareholder needs and expectations

The Board seeks to maintain a dialogue with its shareholders. It attaches great importance to providing shareholders with clear and transparent information and will seek to update shareholders as appropriate. The Board is aware of the need to protect the interests of minority shareholders and balancing those interests with those of any more substantial shareholders. The Board holds meetings with larger shareholders as and when required and recognises the Annual General Meeting as an important opportunity to communicate directly with shareholders via an open question and answer session. The Company lists contact details on its website and on all announcements released via RNS, should shareholders wish to communicate with the Company.

3. Consider wider stakeholder and social responsibilities and their implications for long-term success

The Company is a cash shell and has no operations, therefore the main stakeholder group are its shareholders. The Board endeavours to take account of feedback received from its shareholders.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Company's Board identifies, evaluates, and manages the significant risks faced by the Company. The Company currently has one employee other than the Directors.

The Board has overall responsibility for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls required while the Company is a cash shell are necessary limited. The Company receives feedback from its external auditors on the state of its internal controls. The Group maintains appropriate insurance cover in respect of actions taken against the Directors. The insurance cover in place is reviewed on a periodic basis. While the Company is a non-trading cash shell the Board has decided to disband its Audit, Remuneration, and Nominations Committees.

Activity	Risk	Impact	Control(s)
Financial	Liquidity, market, and credit risk Inappropriate controls and accounting policies	Inability to continue as going concern Reduction in asset values. Incorrect reporting of assets	Robust capital management policies and procedures. Appropriate authority and investment levels as set by the Board
Strategic	Failure to conclude an acquisition or acquisitions which constitute a reverse takeover under AIM Rule 14	Cancellation from trading on AIM	Active consideration by the Board of possible acquisitions

5. Maintain the board as a well-functioning, balanced team led by the chair

The Board comprises of three Directors Alex Hambro, Mike Read and Ian Selby. The Board considers itself appropriate and sufficiently independent given the Company’s strategy as a cash shell.

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

Full biographical details of the Directors can be found on page 3. The Board considers it has the necessary breadth and depth of skills to support the strategy of the Company as a cash shell.

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

Directors' Report

As the Company is currently a cash shell no performance objectives or reviews are undertaken.

8. Promote a corporate culture that is based on ethical values and behaviours

The Company has no formal values statement as it is a cash shell, but the Board always conduct themselves ethically.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Board has and will hold meetings as often as is required to ensure it deals with all important aspects of the Group's affairs on a timely basis.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Group encourages a good dialogue with shareholders and investors. The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities, strategy, and financial position. Details of all shareholder communications are provided on the Group's website in a timely fashion. The Board holds meetings with larger shareholders as and when required and recognises the Annual General Meeting as an important opportunity to communicate directly with shareholders via an open question and answer session. The Company lists contact details on its website and on all announcements released via RNS, should shareholders wish to communicate with the Board.

Approved by the Board on 28 March 2024 and signed on its behalf by

Ian Selby

I R Selby
Director

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK adopted International Accounting Standards. Under company law directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the financial performance and cash flows of the Group for that year. In preparing these financial statements, the Directors are required to:

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with International Accounting Standards;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with all applicable legislation and as regard to the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

Independent auditors’ report

to the members of Cloudified Holdings Limited

Opinion

We have audited the financial statements of Cloudified Holdings Limited (the ‘parent company’) and its subsidiaries (the ‘group’) for the year ended 31 March 2023 which comprise Consolidated Statement of Comprehensive Income, The Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

• give a true and fair view of the state of the group’s affairs as at 31 March 2023 and of the group’s loss for the year then ended; and
• the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards.

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 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 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.

An overview of the scope of our audit

Our audit scope covered all of the Group’s components with varying levels of testing based on the significance of each component. We performed a scoping assessment of the Group at the planning stage of the audit based on their contribution to the Group’s results for the year ended 31 March 2023. We assessed the risk of material misstatement for each of the components and determined their significance based on the overall impact to the Group financial statements. Our assessment incorporated a consideration of the significance of revenue, expenditure and balances in the context of the group financial statements group materiality. We also assessed each entity in relation to the risk of management override of controls.

At 31 March 2023 the parent company and one other component of the Group, Falanx Cyber Defence Limited (“FCD”) which is registered and operate in the UK, were considered to be significant components of the group. Both entities were subject to full scope audit procedures, with these procedures being completed by us for the Parent and by a component auditor for FCD. The remaining subsidiaries are all considered non-significant components (Falanx Cyber Defence Spain S.L., Falanx Group US LLC, F G Consulting Services DMCC, Falanx Cyber Technologies Limited (“FCT" also audited by a component auditor), and Sterling Risk (Asia)) or are dormant (Falanx Protection Limited Securestorm Limited and Cloudified Limited). The non-significant and dormant components were subject to an analytical review by the Group audit team to provide assurance to the Group audit opinion.

Our Involvement with the component auditor

Due to being appointed as group auditors subsequent to the finalisation of the component audit we have not been able to direct the audit plan of the component auditors at the planning phase of the audit for FCD. We have however performed our own planning and risk assessment procedures for the audit work required for the components FCD and FCT to ensure that the planned procedures executed by the component auditor are in line with our own risk assessment.

Our involvement with the component auditor consisted of, but was not limited to the following procedures:

- A discussion regarding their audit approach based on their risk assessment of FCD and FCT
- An assessment of the audit procedures and internal audit framework of the component auditor to ensure that the audit methodology was appropriate and of consistent quality with our own.
- Completion of a remote review of the audit files of the significant component FCD as identified at our scoping stage, including a review of supporting documentation obtained by the component auditors used to substantiate their audit procedure conclusions.
- Due to the timing of our appointment as group auditors we were not able to be involved at the component planning stage. Where this has resulted in a variance between our own assessment of risk and planned audit procedures and that of the component auditors, we have performed our own additional audit procedures to ensure that we have obtained sufficient audit evidence in line with our own audit strategy to provide an opinion on the financial statements of the Group.

Emphasis of matter – basis of preparation / financial statements prepared on a basis other than going concern

We draw attention to Note 2.1.1 to the financial statements which explains that the directors having made the decision to dispose of the trading subsidiaries of the group, have made the decision to cease trading and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 2.1.1.

Our opinion is not modified in respect of this matter.

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 period 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.

Key Audit Matter	**How our scope addressed this matter**
Revenue recognition: The Groups revenue recognition policy is included within note 2.4 of the accounts. We identified the main risks regarding revenue recognition were as follows: - Revenue being recorded in the incorrect period. - Revenue being recorded incorrectly in relation to IFRS 15 – Revenue from contracts with customers. The manipulation of revenue such that revenue is materially overstated for the year ended 31 March 2023. Our assessment was that the occurrence and accuracy of revenue was an area of significant risk given the importance of revenue as a KPI in the Group’s financial statements, as well as the fact that the Group planned to sell the revenue generating subsidiaries, meaning that revenue is more likely to be manipulated such that the resulting revenue is higher than the actual revenue.	Our audit work included, but was not limited to, the following audit procedures: • A review of the audit procedures undertaken by the component auditors to address the significant risk of revenue misstatement. • Completion of additional audit procedures utilising both statistical sampling methodologies as well as substantive analytical procedures such as the performance of cash to sales reconciliations. • Obtaining management’s assessment of revenue recognition in line with IFRS 15 and a review how the revenue earned is from the two different models used by the group and assessing the appropriateness of the respective recognition policies adopted. A review of component auditor procedures regarding deferred revenue to ensure that revenue has been recorded in the correct accounting period. • Performing cut-off testing around year end to confirm revenue has been correctly recognised in line with IFRS 15 and in the correct accounting period. • Where the component auditor had not performed the proposed audit responses as necessary in our opinion, we performed additional work to ensure the risk was appropriately addressed. **Key observation**: Based on our audit testing we considered the revenue to be recognised appropriately, in the correct period, and in line with the requirements of IFRS 15.
Post year end disposal of subsidiaries (IFRS 5 & Discontinued Operations): A discontinued operation is a component of an entity that either has been disposed of or classified as held for sale and: a) Represents a separate major line of business or geographical area of operations; or b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or c) Is a subsidiary acquired exclusively with a view to resale IFRS 5 requires that assets designated as being held for sale should be held at the lower of book value and the fair value expected to be generated from the sale of these assets. We identified there to be a significant risk that the disclosure and classification of assets held for sale and determination of discontinued operations and the disclosure of this to be materially misstated as a result of the incorrect application of IFRS 5.	Our audit work included, but was not limited to, the following procedures: • Reviewing management’s assessment of the post year end disposal and their application of the requirements of IFRS 5 regarding assets held for sale and discontinued operations. • Reviewing the documentation that supports managements application of IFRS 5 and the post year end sale of subsidiaries. • Obtaining sufficient supporting evidence to confirm that no adjustment was required to the carrying value of the assets and liabilities designated as held for sale at 31 March 2023. • Performing a review of the disclosures presented in the financial statements regarding managements application of IFRS 5 and the supporting schedules and calculations prepared to support these disclosures. • Considering the basis for preparation of accounts with regards to being prepared on a basis other than going concern, and whether this impacted the value of assets designated as held for sale in the financial statements.

	Key observation: Based on our audit testing we considered the post balance sheet event (discontinued operation) to be appropriately accounted for and disclosed in the accounts.

Our application of materiality - Group
We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For the purposes of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed, or influenced. We determined overall materiality for the Group financial statements to be £84,000 being 5% of adjusted EBIDTA for the year.

We considered it appropriate to determine our materiality based on adjusted EBIDTA as we consider this to be the key metric in assessing the financial performance and position of the Group given its primary purpose is profit oriented and users of the financial statements measure performance on business operations using adjusted EBIDTA.

Based on our risk assessments, together with our assessment of the overall control environment, we apply a different level of materiality, performance materiality, to determine the extent of our testing and this was set at 70% of the overall audit financial statements' materiality, being £58,900.

We agreed with management that we would report to the Board of Directors all audit differences in excess of £4,210 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Component materiality
Significant operations are coming from Falanx Cyber Defence Limited, as it is the main trading company in the group. As a result, we allocated 100% of the group materiality (£84,000 and PM of £58,900) to this component. Based on a multiplier of 1.5 the overall maximum materiality came to £126,000 out of which £42,000 was allocated to the other insignificant components.

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement (set out on page 10) 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 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 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
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:

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the company and trade regulations such as HMRC and AIM, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as income tax, payroll tax and sales tax.

We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management’s controls designed to prevent and detect irregularities;
- Identifying and testing accounting journal entries, in particular those journal entries which exhibited the characteristics we had identified as possible indicators of irregularities; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

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.

Use of our report

This report is made solely to the company's members, as a body, in accordance with our engagement letter dated 7 February 2024. 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.

haysmacintyre llp

Jonathan Maddison (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

28 March 2024

Consolidated income statement

for the year ended 31 March 2023

	Note	**2023** £	2022 £
Revenue	4	—	63,575
Cost of sales		—	—
Gross profit		—	63,575
Administrative expenses (continuing operations)		**(1,195,191)**	(1,017,705)
Operating loss	5	**(1,195,191)**	(954,130)
Finance income	8	**5,607**	104
Finance expense	8	—	(4,571)
Finance income / (expense) – net		**5,607**	(4,467)
Loss before income tax		**(1,189,584)**	(958,597)
Income tax credit	9	—	—
Loss for the year from continuing operations		**(1,189,584)**	(958,597)
Discontinued operations			
(Loss) / Profit for the year from discontinued operations	10	**(1,360,554)**	2,443,179
(Loss) / Profit for the year		**(2,550,138)**	1,484,582
Loss per share from continuing operations			
Basic & diluted loss per share	11	**(23.0) p**	(37.0) p
Profit / (Loss) per share from discontinued operations			
Basic and diluted profit / (loss) per share	11	**(25.8) p**	28.0 p

Consolidated statement of comprehensive income

for the year ended 31 March 2023

	2023	2022
	£	£
Profit / (Loss) for the year	**(2,550,138)**	1,484,582
Other comprehensive income:		
Exchange differences recycled to the income statement on disposal of business	—	109,030
Other comprehensive income for the year, net of tax	—	109,030
Total comprehensive income for the year	**(2,550,138)**	1,593,612
Attributable to:		
Owners of the parent		
Continuing operations	**(1,189,584)**	(958,597)
Discontinued operations	**(1,360,554)**	2,552,209
Total comprehensive income for the year	**(2,550,138)**	1,593,612

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 9.

The notes on pages 20 to 46 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

as at 31 March 2023

	Note	**2023**	2022
		£	£
Assets			
Non-current assets			
Property, plant and equipment	13	**—**	104,352
Intangible assets	14	**—**	3,262,662
Right of use asset	15	**—**	254,290
		—	3,621,304
Current assets			
Trade and other receivables	16	**127,799**	1,192,220
Cash and cash equivalents	17	**974,333**	3,483,063
		1,102,132	4,675,283
Assets in a disposal group classified as held for sale	10	**4,421,446**	—
Total assets		**5,523,578**	8,296,587
Equity			
Capital and reserves attributable to equity holders of the Company			
Share capital	19	**4,035,003**	4,043,194
Shares based payment reserve	21	**697,900**	703,151
2022 liabilities reserve		**—**	1,000,000
Accumulated losses	22	**(2,930,008)**	(1,397,476)
Total equity		**1,802,895**	4,348,869
Liabilities			
Non-current liabilities			
Lease liability	25	**—**	149,691
Borrowings	26	**—**	2,094,739
			2,244,430
Current liabilities			
Trade and other payables	24	**265,738**	804,908
Contract liabilities	4	**—**	529,496
Lease liability	25	**—**	103,182
Borrowings	26	**—**	265,702
		265,738	1,703,288
Liabilities directly associated with assets in a disposal group classified as held for sale	10	**3,454,945**	—
Total liabilities		**3,720,683**	3,947,718
Total equity and liabilities		**5,523,578**	8,296,587

The notes on pages 20 to 46 are an integral part of these consolidated financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 March 2024 and were signed on its behalf by:

Ian Selby

I R Selby
Director

Company number: 1730012 (British Virgin Islands)

Consolidated statement of changes in equity

for the year ended 31 March 2023

	Note	Share capital	Accumulated losses	Translation Reserve	Share based payment reserve	2022 Liabilities reserve	Total
		£	£	£	£		£
Balance at 1 April 2021		4,033,161	(2,943,989)	(107,777)	747,243	1,000,000	2,728,638
Loss for the year		—	1,484,582	—	—	—	1,484,582
Re-translation of foreign subsidiaries		—	—	(1,253)	—	—	(1,253)
Exchange differences recycled to the income statement on disposal of business		—	—	109,030	—	—	109,030
Transactions with owners:							
Issue of share capital		10,033	—	—	—	—	10,033
Share based payment charge	12	—	—	—	17,839	—	17,839
Forfeited share options reversed through reserves		—	61,931	—	(61,931)	—	—
Balance at 31 March 2022		4,043,194	(1,397,476)	—	703,151	1,000,000	4,348,869
Profit for the year		—	(2,550,138)	—	—	—	(2,550,138)
Transactions with owners:							
Capital reconstruction		—	1,000,000	—	—	(1,000,000)	—
Proceeds from trade of fractional shares		18	—	—	—	—	18
Costs of share consolidation		(8,209)					(8,209)
Share based payment charge	12	—	—	—	12,355	—	12,355
Forfeited share options reversed through reserves		—	17,606	—	(17,606)	—	—
Balance as at 31 March 2023		**4,035,003**	**(2,930,008)**	**—**	**697,900**	**—**	**1,802,895**

The share capital account represents the amount subscribed for share capital, net of share issue expenses. Share issue expenses comprise the costs in respect of the issue by the Company of new shares.

Accumulated losses represent the cumulative losses of the Group attributable to the owners of the parent.

The translation reserve represents the cumulative movement in the translation of foreign subsidiaries into the presentation currency unwound on the disposal of Assynt.

The share-based payment reserve represents the cumulative share option and warrant charges.

The 2022 Liabilities reserve was a special non distributable reserve in respect of certain longer-term liabilities including HMRC COVID -19 deferral and rental liabilities on the Reading office. This reserve was created as part of the capital variation in completed in February 2021. The balance on this account transferred to accumulated losses on 31 December 2022.

The notes on pages 20 to 46 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

for the year ended 31 March 2023

	Note	**2023** £	2022 £
Cash flows from operating activities			
Loss before tax from continuing activities		**(1,189,584)**	(958,597)
(Loss) / profit before tax from discontinued activities		**(1,360,554)**	2,433,650
(Loss) / profit before tax		**(2,550,138)**	1,475,053
Adjustments for:			
Depreciation	13	**61,418**	64,275
Amortisation and impairment of intangibles	14	**286,533**	305,538
Amortisation of right of use assets	15	**87,879**	108,982
Impairment of goodwill	14	**—**	130,347
Share based payment	12	**12,355**	17,839
Gain on disposal of subsidiaries	10	**—**	(3,498,102)
Amortisation of borrowing costs		**41,928**	23,659
Net finance expense recognised in profit or loss	8	**295,136**	178,081
		(1,764,889)	(1,194,328)
Changes in working capital:			
Decrease in trade and other receivables		**(186,649)**	(290,025)
Increase / (decrease) in trade, contract liabilities and other payables		**122,997**	(749,746)
Cash used in operations		**(1,828,541)**	(2,234,099)
Interest paid		**(934)**	(9,745)
Net cash used in continued operating activities		**(1,829,475)**	(2,243,844)
Cash flows from investing activities			
Interest received		**5,607**	104
Acquisition of property, plant and equipment		**(48,209)**	(13,315)
Proceeds on disposal of subsidiaries, net of cash disposed		**—**	3,163,674
Net cash (used in) / generated from investing activities		**(42,602)**	3,150,463
Cash flows from financing activities			
Repayment of lease liabilities		**(62,951)**	(95,998)
Interest on lease liabilities		**(16,290)**	(22,114)
Proceeds from borrowings		**—**	2,500,000
Repayment of borrowings		**(265,702)**	(7,906)
Loan transaction costs		**—**	(205,347)
Interest paid on borrowings		**(283,519)**	(146,291)
Proceeds from trade of fractional shares		**18**	10,033
Costs of share consolidation		**(8,209)**	—
Net cash (used in) / generated from financing activities		**(636,653)**	2,032,377
Net (decrease) / increase in cash equivalents		**(2,508,730)**	2,938,996
Cash and cash equivalents at beginning of year		**3,483,063**	545,321
Foreign exchange (losses)/gains on cash and cash equivalents		**—**	(1,254)
Cash and cash equivalents at end of year		**974,333**	3,483,063

The notes on pages 20 to 46 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

for the year ended 31 March 2023

1. General information

Cloudified Holdings Limited (the “Company” or “Cloudified”) is a cash shell under Rule 15 of the AIM rules. This followed the disposal of its trading subsidiaries in the cyber security division on 12 December 2023. The Company is a public limited company which is listed on the AIM Market of the London Stock Exchange and is incorporated and domiciled in the British Virgin Islands. The address of its registered office is PO Box 173, Kingston Chambers, Road Town, Tortola, British Virgin Islands. The UK registered office is c/o Blake Morgan LLP, Apex Plaza, Forbury Road, Reading, RG1 1AX.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with UK adopted International Accounting Standards. The functional and presentational currency for the financial statements is Sterling. The financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.1.1 Going concern.

The company is now a cash shell and has no trading operations. On 29 February 2024 it had cash balances of £567,000 and a forecasted cash consumption rate of circa £30,000 per month comprising of directors’ fees, audit costs and advisory fees. The sale of the Cyber Division in December 2023 included a Warranties and Indemnities insurance policy which caps the Company’s liabilities (save in the case of fraud) at £1. The major expected cost going forward is expected to be professional fees which will be incurred on pursuing RTO opportunities. The board in conjunction with advisors will screen investment opportunities carefully ahead of incurring fees, to understand the ability of a target to list successfully via an RTO and will seek legally binding cost coverage and exclusivity protections from potential targets when agreeing heads of terms with them.

The definition of a going concern is that of “any entity unless its management intends to liquidate the entity or to cease trading, or has no realistic alternative to liquidation or cessation of operations”. The Directors have taken the decision to cease trading through the disposal of all subsidiaries of the Company and, as such, have prepared the financial statements on a basis other than a going concern. Where as a result of preparing the accounts on a basis other than going concern gains have not been recorded on assets in cases where the realization of assets are greater than the value held within the financial statements as a result of events that have occurred subsequent to 31 March 2023. The Directors do not consider that this basis of preparation has given rise to any material differences compared to the financial statements prepared on a going concern basis.

The directors will consider returning cash to shareholders by way of a solvent members voluntary liquidation process should a suitable transaction not be viewed as not likely to complete. The directors obtained such authority to appoint liquidators to carry out an MVL at the general meeting held on 27th November 2023.

2.1.2 New and Revised Standards

Standards in effect in 2023 and 2024

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early.

The following amendments are effective for periods beginning on or after 1 January 2023:

- *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2);
- *Definition of Accounting Estimates* (Amendments to IAS 8); and
- *Deferred Tax Related to Assets and Liabilities arising from a Single Transaction* (Amendments to IAS 12).

The following amendments are effective for periods beginning on or after 1 January 2024:

- *IFRS 16 Leases* (Amendment – Liability in a Sale and Leaseback);
- *IAS 1 Presentation of Financial Statements* (Amendment – Classification of Liabilities as Current or Non-Current); and
- *IAS 1 Presentation of Financial Statements* (Amendment –Current Liabilities with Covenants).

The Group does not expect any of the amendments issued by the IASB, but not yet effective, to have a material impact on the Group.

2.2 Consolidation

Subsidiaries

Subsidiary undertakings are entities that are controlled by the Company. The definition of control involves three elements: power over the investee; exposure or rights to variable returns and the ability to use the power over the investee to affect the amount of the investor's returns. The Group generally obtains power through voting rights. Subsidiaries are consolidated from the date at which the Group obtains the relevant level of control and are treated as disposed of, and so de-consolidated from the date at which that control ceases.

The acquisition method of accounting is used for all business combinations. On acquisition, the cost is measured at the aggregate of their fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquire. Any costs directly attributable to the business combination are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (Revised), "Business Combinations" are recognised at fair values at the acquisition date.

Goodwill represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the difference is recognised directly in profit or loss. Any subsequent adjustment to reflect changes in consideration arising from contingent consideration amendments are recognised in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group. All subsidiaries are wholly owned by the Group.

2.3 Segmental reporting

In accordance with IFRS 8, segmental information is presented based on the way in which financial information is reported internally to the chief operating decision maker. The Group's internal financial reporting was historically organised along product and service lines, but this as a consequence of the disposal of trading operations on 12 December 2023, has been changed to reflect discontinued and continuing items. A business segment is a group of assets and operations engaged in providing products and services that are subject to risks and returns which are different from those of other business segments.

2.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities.

Revenue is recognised on the following bases:

Class of revenue	**Recognition criteria**
Subscription fees	straight line basis over the life of the contract
Managed services	straight line basis over the life of the contract
Consultancy	on delivery of service to customers
Vulnerability assessment	on delivery of service to customers

Revenue is recognised as the client receives the benefit of the services provided under a commercial contract, in an amount that reflects the consideration to which the provider expects to be entitled for the transfer of the goods or services.

Performance obligations and timing of revenue recognition

Revenue from the provision of professional services such as penetration testing, consultancy and strategic intelligence assignments are recognised as services are rendered, based on the contracted daily billing rate and the number of days delivered during the period. Revenue from pre-paid contracts are deferred in the statement of financial position and recognised on utilisation of service by the client.

Revenue from cyber monitoring contracts (including installation), intelligence embedded analyst and report subscriptions includes advance payments made by the customer is deferred (as a contract liability) and is then subsequently recognised on a straight-line basis over the term of the contract. Where they are billed periodically in a monthly in arrears basis, revenues are recognised at that point.

Contracts values are typically fixed price and the pricing level is based on management experience of pricing adequate mark up of prime cost. Where additional services need to be delivered outside of the contract a time and materials basis based on day rates is used.

Determining the transaction price

The Group's revenue is derived from fixed price contracts and therefore the amount of revenues to be earned from each contract is determined by reference to those fixed prices. Costs of obtaining long-term contracts and costs of associated sales commissions are prepaid and amortised over the terms of the contract on a straight-line basis. Commissions paid to sale staff for work in obtaining the Prepaid Consultancy are recognised in the month of invoice. The timing and any conditionality for the payment of commissions is governed under the then applicable sales incentive plan.

Revenues are exclusive of applicable sales taxes and are net of any trade discounts. There are no financing components in any of our revenue streams.

Contract Assets (accrued incomes) balance were £nil (2022: £21,100) as all arose from assets held for sale and were reflected in that balance. Contract Liabilities (deferred incomes) balance of £nil (2022: £529,496) were similarly included in assets held for sale. All contract assets had short cash conversion periods and all assets at the year-end have since been monetised. All contract assets and liabilities related to discontinued items.

The Board considers that the information in note 4 adequately depicts how the nature, amount, timing and uncertainty of revenue and cash flow are affected by economic factors.

2.5 Taxation

The tax expense for the year represents the total of current taxation and deferred taxation. The charge in respect of current taxation is based on the estimated taxable profit for the year. Taxable profit for the year is based on the profit as shown in the income statement, as adjusted for items of income or expenditure which are not deductible or chargeable for tax purposes. The current tax liability for the year is calculated using tax rates which have either been enacted or substantively enacted at the reporting date.

Deferred tax is provided in full, using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying values in the financial statements. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates which have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of tax assets and unutilised tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carrying forward of tax assets and unutilised tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date.

2.6 Foreign Currency

The Company has determined Sterling as its functional currency, as this is the currency of the economic environment in which the Company predominantly operates.

Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, the monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities are carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on exchange are included in profit or loss.

Foreign currency differences arising on retranslation are recognised in profit or loss.

In the case of foreign entities, the financial statements of the Group's overseas operations are translated as follows on consolidation: assets and liabilities, at exchange rates ruling on reporting date, income and expense items at the average rate of exchange for the period and equity at exchange rates ruling on the dates of the transactions. Exchange differences arising are classified as equity and transferred to a separate translation reserve. Such translation differences are recognised in profit or loss in the period in which the operation is disposed of. Foreign exchange gains and losses arising from monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely within the foreseeable future, are considered to form part of net investment in a foreign operation and are recognised directly in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Foreign currency gains and losses are reported on a net basis.

2.7 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

All assets are depreciated in order to write off the costs, less anticipated residual values of the assets over their useful economic lives on a straight-line basis as follows:

- Fixtures and fittings: 5 years
- Computer equipment: 3 years
- Leasehold: 5 years

2.8 Intangible assets

Acquired intangible assets are shown at historical cost. Acquired intangible assets have a finite useful life and are carried at cost, less accumulated amortisation over the finite useful life. All charges in the year are shown in the income statement in administrative expenses.

Goodwill

Goodwill arising on acquisition is stated at cost. Goodwill is not amortised, but subject to an annual test for impairment. Impairment testing is performed by the Directors. Where impairment is identified, it is charged to the income statement in that period.

Software and brand licences

Acquired software and brand licences are shown at historical cost. Software and brand licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of software and brand licences over the period of the licence. The brand and software licences have been fully amortised in previous accounting periods.

Research and development

Research expenditure is charged to the income statement in the year incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software product and use or sell it;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial, and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are charged to the income statement in the year incurred. Development costs recognised as assets are amortised over their estimated useful life, which does not exceed 5 years.

Government tax credits available on eligible Research and Development expenditure (‘R&D Tax Credits’) and not reclaimable through other means are recognised in income and treated as a government grant.

Customer relationships

Customer relationships are amortised over the period expected to benefit as follows:

- First Base: 10 years

2.9 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A review for indicators of impairment is performed annually. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. Any impairment charge is recognised in the income statement in the year in which it occurs. When an impairment loss, other than an impairment loss on goodwill, subsequently reverses due to a change in the original estimate, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, up to the carrying amount that would have resulted, net of depreciation, had no impairment loss been recognised for the asset in prior years.

2.10 Financial instruments

The Group applies a simplified method of the expected credit loss model when calculating impairment losses on its financial assets which are measured at amortised cost such as trade receivables, other debtors and prepayments. This resulted in greater judgement due to the need to factor in forward-looking information when estimating the appropriate amount to provisions.

(a) Financial Assets

The Group's Financial Assets include Cash and Cash Equivalents, Trade Receivables and Other Receivables.

- ***Initial Recognition and Measurement*:** Financial Assets are classified as amortised cost and initially measured at fair value.
- ***Subsequent Measurement*:** Financial assets are subsequently measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial. The company only offers short (typically 30 day) periods of credit to its customers.
- ***Derecognition of Financial Assets:*** The Company derecognises a Financial Asset only when the contractual rights to the cash flows from the asset expire, or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity.

(b) Financial Liabilities and Equity Instruments

The Group's Financial Liabilities include Trade Payables, Accruals and Other Payables. Financial Liabilities are classified at amortised cost.

(c) Investments

Investments not in subsidiary undertakings are carried at fair value through profit and loss.

Classification as Debt or Equity. Financial Liabilities and Equity Instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a Financial Liability and an Equity Instrument.

2.11 Share capital

Ordinary shares (of nil par value) in the Company are classified as equity. By definition all amounts arising from the issue of these shares are attributable to Share Capital as are any directly attributable (including any warrants issued as commissions) to issue of new shares are shown in equity as a deduction to the share capital account. The Company does not maintain a separate share premium account.

2.12 Reserves

The consolidated financial statements include the following reserves: translation reserve, share option reserve, 2022 Liabilities reserve and accumulated losses. Premiums paid on the issue of share capital, less any costs relating to these, are posted to the share capital account as referenced above.

2.13 Trade payables

Trade payables are obligations to pay for goods and 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 payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method. As the payment period of trade payables is short, future cash payments are not discounted as the effect is not material.

2.14 Leases

When entering into a contract the Group assesses whether or not a lease exists. A lease exists if a contract conveys a right to control the use of an identified asset under a period of time in exchange for consideration. Leases of low value items and short-term leases (leases of less than 12 months at the commencement date) are charged to the profit or loss on a straight-line basis over the lease term in administrative expenses.

The Group recognises right-of-use assets at cost and lease liabilities on the statement of financial position at the lease commencement date based on the present value of future lease payments. The right-of-use assets are amortised on a straight-line basis over the length of the lease term. The lease liabilities are recognised at amortised cost using the effective interest rate method. Discount rates used reflect the incremental borrowing rate specific to the lease.

2.15 Pensions

The Company operates a defined contribution pension scheme under which fixed contributions are payable. Pension costs charged to the income statement represent amounts payable to the scheme during the year.

2.16 Share-based payments

The cost of share-based payment arrangements, which occur when employees receive shares or share options, is recognised in the income statement over the period over which the shares or share options vest.

The expense is calculated based on the value of the awards made, as required by IFRS 2, 'Share-based payment'. The fair value of the awards is calculated by using the Black-Scholes and Monte Carlo option pricing models taking into account the expected life of the awards, the expected volatility of the return on the underlying share price, vesting criteria, the market value of the shares, the strike price of the awards and the risk-free rate of return. The charge to the income statement is adjusted for the effect of service conditions and non-market performance conditions such that it is based on the number of awards expected to vest. Where vesting is dependent on market-based performance conditions, the likelihood of the conditions being achieved is adjusted for in the initial valuation and the charge to the income statement is not, therefore, adjusted so long as all other conditions are met.

Where an award is granted with no vesting conditions, the full value of the award is recognised immediately in the income statement.

2.17 Provisions

Provisions are recognised in the statement of financial position where there is a legal or constructive obligation to transfer economic benefits as a result of a past event. Provisions are discounted using a rate which reflects the effect of the time value of money and the risks specific to the obligation, where the effect of discounting is material.

Provisions are measured at the present value of expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time, value of money and the risks specific to the obligation. The increase in provision due to the passage of time is recognised as interest expense.

3. Critical accounting estimates and judgements

The preparation of the Group financial statements in conformity with IFRSs as applied in accordance with the provisions of the Companies Act 2006 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. 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 present circumstances. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group financial statements are disclosed below.

Estimates:

Management do not consider there to be significant accounting estimates in respect of the year ended 31 March 2023 or 31 March 2022.

Impairment of intangible assets

All intangible assets related to the former cyber security business. The directors reviewed the totality of intangible assets held (being customer base and goodwill) compared to expected sales proceeds based on metrics from similar deals in the cyber security sector. The total NBV of intangibles prior to transfer to assets held for sale was £2.58m. On the basis that the accounts are prepared on a basis other than going concern, we assessed whether there should be any material reductions in value to the assets held for sale at the balance sheet date based on our knowledge of events after the year end which showed that the assets were sold for an enterprise value of £4.2m and that no adjustment was therefore required.

Treatment of assets & liabilities held for sale and discontinued items.

On 12 December 2023, the Company announced that it had completed the disposal of Falanx Cyber Defence Limited and Falanx Cyber Technologies Limited (together the "Cyber Division") for an enterprise value of £4.2 million (payable in cash) to Thetis Bidco Limited. This represented all of the professional services and monitoring managed services operating segments other than some remaining operating costs supporting the AIM Rule 15 cash shell. In the year ended 31 March 2023, management were committed to selling the Cyber division with the sale of these businesses being considered highly probable within 12 months. There was a board meeting held on 30 March 2023 to discuss the sale of the Cyber Division and a letter was sent to BOOST&Co on 31 March 2023 outlining the position, therefore 31 March 2023 is considered to be the date the Cyber Division are classified as held for sale and therefore included in discontinued operations. All assets and liabilities relating to the cyber security division, including those which were held in the name of the parent company (such as the lease on the Reading offices) and the borrowings from BOOST&Co (which were held by Falanx Cyber Defence Limited) were therefore treated as items held for sale.

4. Segmental reporting

As described in note 2, the Directors consider that the Group's internal financial reporting is organised along continuing and discontinuing lines of business following the disposal of the strategic intelligence business on 6 October 2021 and the disposal of the remaining cyber business on 12 December 2023. At that point the operations of the group were ceased and remaining infrastructure reorganised to support a cash shell.

4. Segmental reporting continued

The results for the business operating segment for the years ended 31 March 2022 and 31 March 2021 are as follows:

	2023	**2023**	**2023**	2022	2022	2022
	£	**£**	**£**	£	£	£
	Continuing	**Discontinued**	**Total**	Continuing	Discontinued	Total
Professional services	**—**	2,748,579	2,748,579	63,575	2,640,731	2,704,306
Monitoring managed services		1,041,794	1,041,794	—	859,104	859,104
Assynt report & embedded analysts	**—**	**—**	**—**	—	1,005,191	1,005,191
Revenues from external customers	**—**	**3,790,373**	**3,790,373**	**63,575**	**4,505,026**	**4,568,601**
Gross Margin	**—**	1,362,908	1,362,908	63,575	1,609,149	1,672,724
Cyber operating expenses	—	(1,947,208)	(1,947,208)	—	(1,598,143)	(1,598,143)
Assynt operating expenses	—	—	—	—	(259,812)	(259,812)
Corporate operating expenses	(1,180,589)	—	(1,180,589)	(1,009,132)	—	(1,009,132)
Segment Reported EBITDA	**(1,180,589)**	**(584,300)**	**(1,764,889)**	**(945,557)**	**(248,806)**	**(1,194,363)**
Finance expense-net	5,607	(342,671)	(337,064)	(4,467)	(197,238)	(201,705)
Depreciation and amortisation	(2,247)	(433,583)	(435,830)	(2,865)	(475,930)	(478,795)
Impairment of goodwill	—	—	—	—	(130,347)	(130,347)
Share option expense	(12,355)	—	(12,355)	(5,708)	(12,131)	(17,839)
Profit on sale of discontinued operations	—	—	—	—	3,498,102	3,498,102
Segment loss before tax for the year	**(1,189,584)**	**(1,360,554)**	**(2,550,138)**	**(958,597)**	**2,433,650**	**1,475,053**

Segment assets consist primarily of property, plant and equipment, intangible assets, trade and other receivables and cash and cash equivalents. Unallocated assets comprise deferred tax assets, financial assets held at fair value through profit or loss and derivatives..

Segment assets, liabilities and capital expenditure for the year then ended are as follows:

	2023	2022
	Continuing	Continuing
	£	£
Contract assets	**—**	27,100
Other assets	**1,101,356**	8,296,487
Contract liabilities (deferred income)	**—**	529,496
Other liabilities	**394,366**	3,418,222
Capital expenditure – Tangible	**—**	13,315

4. Segmental reporting continued

Geographical information

Discontinued items historically operated in five geographical areas, although all were managed on a worldwide basis from the Group's head office in the United Kingdom. All non-current assets are in the United Kingdom.

A geographical analysis of revenue and non-current assets is given below. Revenue is allocated based on location of customer; non-current assets are based in the United Kingdom. Continuing revenues were nil in 2023 (2022: £63,575) with the prior year representing support by central functions to the buyers of Assynt which was sold on 6th October 2021.

Revenue by geographical location

	2023 Continuing £	**2023 Discontinued £**	**2023 Total £**	2022 Continuing £	2022 Discontinued £	2022 Total £
United Kingdom	**—**	**3,100,163**	**3,100,538**	63,575	3,457,696	3,521,271
Europe	**—**	**216,009**	**216,009**	—	293,859	293,859
The Americas	**—**	**417,564**	**417,564**	—	527,217	527,217
Australasia	**—**	**56,637**	**56,637**	—	99,294	99,294
Middle East and Africa	**—**	**—**	**—**	—	126,960	126,960
	—	**3,790,373**	**3,790,748**	63,575	4,505,023	4,568,601

Non-current assets	**2023 Continuing £**	2022 Continuing £
United Kingdom	**—**	3,621,304
	—	3,621,304

Contract Assets and liabilities all related to discontinued businesses.

	Contract Assets 2023 £	Contract Assets 2022 £	**Contract Liabilities 2023 £**	Contract Liabilities 2022 £
At 1 April	**—**	63,992	**—**	(1,108,317)
Transfers in the year from contract assets to trade receivables	**—**	(63,992)	**—**	—
Transfers from contract liabilities to revenue in the year	**—**	—	**—**	842,732
Disposal in the year	**—**	—	**—**	235,604
Amount recognised as revenue in the year not yet invoiced	**—**	27,100	**—**	—
Amount invoiced in advance not recognised as revenue in the year	**—**	—	**—**	(499,515)
At 31 March	**—**	27,100	**—**	(529,496)

5. Operating loss – continuing

Operating loss for the year is stated after charging the following:

	2023	2022
	£	£
Depreciation of owned property, plant, and equipment	**2,247**	2,864
Share based payment expense	**12,355**	5,708
Foreign exchange loss	**625**	342

6. Auditors' remuneration

During the year the Group obtained the following services from the Company's auditors:

	2023	2022
	£	£
Remuneration receivable by the Company's current auditors for the audit of consolidated and Company financial statements	**50,000**	18,000
Remuneration receivable by the Company's former auditors and its associates for the supply of other services to the Company and its associates, including remuneration for the audit of the financial statements of the Company's former subsidiaries:		
– the audit of the Company's subsidiaries pursuant to legislation	**60,000**	42,000
– tax services	**—**	6,500
	110,000	66,500

7. Employee benefit expense

The aggregate remuneration of all employees (including directors) for both the continuing and discontinued operations comprised:

	2023	**2023**	2022	2022
	Continuing	**Discontinued**	Continuing	Discontinued
	£		£	
Wages and salaries, including termination benefits	**666,688**	**2,737,651**	572,738	2,910,028
Social security costs	**81,387**	**331,122**	60,654	318,083
Other pension costs	**7,835**	**63,379**	9,397	68,318
Share options granted to employees	**12,355**	**—**	5,708	12,131
	768,265	**3,132,152**	648,457	3,308,560

The average monthly number of employees, including Directors, employed by the Group during the year, including staff employed by discontinued operations:

	2023	**2023**	2022	2022
	Continuing	**Discontinued**	Continuing	Discontinued
Operations	**—**	**31**	—	41
Sales and marketing	**—**	**8**	—	9
Administration and management	**9**	**7**	10	7
	9	**46**	10	57

On completion of the sale of the cyber security division on 12 December 2023 all remaining employees (save one) and all directors were made redundant.

7. Employee benefit expense continued

Directors' emoluments

	2023	2022
	£	£
Emoluments, including benefits in kind	**421,040**	625,509
Pension costs	**2,565**	1,761
	423,605	627,270

The emoluments of the highest paid Director were as follows:

	2023	2022
	£	£
Emoluments, including benefits in kind	**148,107**	308,055
Pension costs	**1,761**	—
	149,868	308,055

8. Finance income and expense - continuing

	2023	2022
	£	£
Interest receivable	**5,607**	104
Interest payable – borrowings and other	**—**	(4,571)
Net finance income / (expense) recognised in profit / (loss) for the year	**5,607**	(4,467)

The loans from HSBC and BOOST&Co were held by the subsidiaries disposed of on 12 December 2023 and both have been treated as discontinued. Furthermore, the lease which incurred the IFRS16 charge was assigned to the buyer on completion of the disposal of the cyber security division on 12 December 2023.

9. Income tax expense

	2023	2022
	£	£
Current tax		
Current tax on loss for the year	**—**	—
Over provision in prior year	**—**	—
Total current tax	**—**	—
Deferred tax		
Deferred tax (credit)/expense for the year	**—**	—
Total deferred tax	**—**	—
Income tax expense	**—**	—

The parent Company is resident in the UK for tax purposes together with all of its subsidiaries. Other subsidiaries which were resident in foreign tax jurisdictions were disposed of on the sale of Assynt in October 2021.

9. Income expense continued

The tax charge for the year is different from the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%). The difference can be reconciled as follows:

	2023 Continuing £	**2023 Discontinued £**	**2023 Total £**	2022 Continuing £	2022 Discontinued £	2022 Total £
Profit / (Loss) before tax	**(1,189,584)**	**(1,360,554)**	**(2,550,138)**	(958,597)	2,433,649	1,475,052
Tax calculated at the applicable rate based on the loss for the year 19% (2022: 19%)	**(226,021)**	**(258,505)**	**(484,526)**	(182,134)	462,393	280,259
Tax effects of:						
Expenses not deductible for tax purposes	**2,347**	**587**	**2,934**	1,085	2,540	3,625
Chargeable gain not taxed	—	—	—	—	(664,639)	(664,639)
Non taxable income						
Deferred tax not recognised	**223,674**	**257,918**	**481,592**	181,049	190,177	371,226
Current tax on loss for the year	**—**	**—**	**—**	—	(9,529)	(9,529)

10. Discontinued operations

On 06 October 2021, the company announced that it had sold the Assynt Strategic Intelligence Division ("Assynt") for an enterprise value (cash consideration) of £4.6 million to Cross Atlantic LLC. Assynt, which represented the entirety of the Assynt operating segment, was classified as a discontinued operation at that date. Consequently, Assynt has not been presented as an operating segment in the segment note and is therefore included in discontinued activities.

On 12 December 2023, Cloudified announced that it had completed the disposal of Falanx Cyber Defence Limited and Falanx Cyber Technologies Limited (together the "Cyber Division") for an enterprise value of £4.2 million payable in cash to Thetis Bidco Limited. This represented all of the professional services and monitoring managed services operating segments other than some remaining operating costs supporting the AIM Rule 15 cash shell. In the year ended 31 March 2023, management were committed to selling the Cyber division with the sale of these businesses being considered highly probable within 12 months. There was a board meeting held on 30 March 2023 to discuss the sale of the Cyber Division and a letter was sent to BOOST&Co on 31 March 2023 outlining the position, therefore 31 March 2023 is considered to be the date the Cyber Division, including certain costs of the Company which were in support of the Cyber Division, are classified as held for sale at 31 March 2023 and included in discontinued operations.

The results of the discontinued operations and the effect of the discontinued operations on the financial position of the Group were as follows:

Financial performance and cash flow information

Results of the discontinued operations for the year for Falanx Cyber Defence Limited and Falanx Cyber Technologies Limited (2022: the period disposed of Assynt)

Income statement	**2023 Cyber £**	2022 Cyber £	2022 Assynt £
Revenue	**3,790,373**	3,478,733	1,026,294
Administrative expenses	**(4,808,256)**	(4,302,905)	(1,069,336)
Operating loss	**(1,017,883)**	(824,172)	(43,042)
Finance costs	**(342,671)**	(196,997)	(241)
Loss before income tax	**(1,360,554)**	(1,021,169)	(43,283)
Income tax credit	**—**	8,479	1,050
Loss from discontinued operations before gain on sale	**(1,360,554)**	(1,012,690)	(42,233)
Profit on sale of discounted operations	**—**	—	3,498,102
(Loss) / Profit from discontinued operation	**(1,360,554)**	(1,012,690)	3,455,869

Notes to the consolidated financial statements

for the year ended 31 March 2023

10. Discontinued operations continued

Cash flows from/(used in) discontinued operations	2023 £	2022 £
Net cash flows from operating activities	**(1,072,624)**	(388,485)
Net cash flows from investing activities	**(48,209)**	—
Net cash flows from financing activities	**(549,221)**	—
Net cash flows for the year	**(1,670,054)**	(388,485)
Intra-Group funding and transactions	**1,568,601**	323,031
Net cash flows from discontinued operations, net of intercompany	**(101,453)**	(65,454)

Effect of discontinued operations on the financial position of the Group

Net assets disposed of and the gain on disposal	2023 £	2022 £
Assets of the disposal group		
Property, plant & equipment	**90,367**	442
Intangible assets	**2,976,129**	4,293
Right of use asset	**103,104**	—
Trade and other receivables	**1,251,846**	174,021
Total assets	**4,421,446**	178,756
Liabilities of the disposal group		
Trade and other payables	**595,992**	201,928
Contract liabilities	**595,670**	420,286
Borrowings	**2,136,667**	—
Lease liabilities	**126,616**	—
Total liabilities	**3,454,945**	622,214
Net assets of the disposal group	**966,501**	(443,458)
Consideration received in cash and cash equivalents, net of transactions costs	**—**	3,163,674
Gain on sale before income tax and reclassifications of FX translation reserve	**—**	3,607,132
Exchange differences received to the income statement	**—**	(109,030)
Gain on sale of discontinued operation	**—**	3,498,102
Net cash inflow arising on disposal:		
Consideration received in cash and cash equivalents, net of transaction costs	**—**	3,163,674
Less cash and cash equivalents disposed of	**—**	—
	—	3,163,674

The disposal of the Cyber Division will be reflected in the accounts for the year to 31 March 2024.

11. Basic and diluted earnings per share

Basic loss 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. There are no dilutive share options at present as these would currently increase the loss per share.

Continuing operations

	2023	2022
	£	£
(Loss) / Profit for the year attributable to equity holders of the Company	**(2,550,138)**	(1,484,582)
Less (loss) / profit from discontinued operations	**(1,360,554)**	2,443,179
Loss from continuing operations	**(1,189,584)**	(958,597)
Total basic and diluted (loss)/profit per share from continuing operations (pence per share)	**(23p)**	(18)p

Continuing and discontinued operations

	2023	2022
	£	£
(Loss) / Profit for the year attributable to equity holders of the Company	**(2,550,138)**	1,484,582
Total basic and diluted profit / (loss) per share (pence per share)	**(48p)**	28p

Weighted average number of shares used as the denominator

	2023	2022*
Weighted average number of ordinary shares used as the denominator in the calculating basic earnings per share	**5,264,212**	5,254,012

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume the conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares arise from warrants and share options. In respect of the warrants, a calculation is performed to determine the number of shares that could have been acquired at fair value, based upon the monetary value of the subscription rights attached to the outstanding warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrants.

At 31 March 2023, the potentially dilutive ordinary shares were anti-dilutive because the Group was loss-making. The basic and diluted earnings per share as presented on the face of the income statement are therefore identical. All earnings per share figures presented above arise from continuing and total operations and, therefore, no earnings per share for discontinued operations is presented.

IAS 33 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease earnings per share or increase the loss per share. For a loss making company with outstanding share options, net loss per share would be decreased by the exercise of the options Therefore per IAS 33:36 the antidilutive potential ordinary shares are disregarded in the calculation of diluted EPS.

12. Share based payment.

The Company operates share-based payment arrangements to remunerate Directors and key employees in the form of a share option scheme. Vesting of the options typically is conditional on demanding share price targets being met. Most options vest on change of control such as an acquisition of the Company. The exercise price of the option is normally equal to the market price of an ordinary share in the Company at the date of grant. The options may be exercised over periods ranging from one to ten years from the date of grant and lapse if not exercised by that date. On 15 December 2022, the Company undertook a share consolidation of 1 new ordinary share for every 100 existing ordinary shares.

	2023		2022	
	Average exercise price (pence)	**Options**	Average exercise price (pence)	Options
At 1 April	**250.15**	**706,800**	268.00	733,336
Granted	**50.00**	**238,000**	192.50	150,000
Granted	**—**	**—**	100.00	141,192
Granted	**—**	**—**	105.00	65,000
Forfeited	**350.00**	**(500)**	500.00	(4,336)
Forfeited	**192.50**	**(10,000)**	350.00	(4,000)
Forfeited	**105.00**	**(6,250)**	192.50	(15,000)
Forfeited	**50.00**	**(10,000)**	—	—
Cancelled	**—**	**—**	192.50	(150,000)
Cancelled	**—**	**—**	100.00	(141,192)
Expired	**587.50**	**(4,167)**	445.00	(1,000)
Expired	**500.00**	**(10,000)**	513.00	(2,000)
Expired	**350.00**	**(5,000)**	500.00	(4,000)
Expired	**—**	**—**	400.00	(1,000)
Expired	**—**	**—**	350.00	(10,000)
Expired	**—**	**—**	192.50	(40,000)
Exercised	**—**	**—**	100.00	(10,200)
At 31 March	**196.08**	**898,883**	250.15	706,800

12. Share based payment continued

Share options outstanding at the end of the year have the following expiry date and exercise prices:

		Shares	
Expiry date	Exercise price (pence)	**2023**	2022
28 July 2024	445.00	**14,871**	14,871
16 May 2026	413.00	**6,053**	6,053
30 September 2026	400.00	**1,167**	1,167
7 October 2026	500.00	**—**	10,000
24 January 2027	587.50	**1,666**	5,833
19 September 2027	738.00	**1,500**	1,500
14 March 2028	500.00	**3,000**	3,000
17 July 2028	500.00	**11,480**	11,480
7 January 2029	350.00	**2,500**	8,000
24 September 2029	192.50	**220,000**	230,000
1 November 2029	192.50	**15,000**	15,000
20 April 2030	100.00	**322,396**	322,396
20 April 2030	115.00	**12,500**	12,500
17 August 2031	105.00	**58,750**	65,000
22 December 2032	50.00	**228,000**	—
		898,883	706,800

At the balance sheet date, the average life outstanding on options was 7.9 years (2022: 7.8 years). All options had a 10-year life from date of grant. At the end of each period approximately 322,396 options with an exercise price of 100p granted in April 2020 and with a life of 10 years under the COVID-19 salary sacrifice program had fully vested. All other options had not vested due to either time based or share price-based vesting criteria not being met.

228,000 share options and warrants were granted on 22 December 2022 under the EMI scheme at 50p have a life of 10 years. The options vest in three tranches: the first tranche exercisable when the share price exceeds 75p for 10 business days, the second tranche when the share price exceeds 100p for 10 business days and the third tranche when the share price exceeds 125p for 10 business days, save for the event of a change of control in the Company, in which case they will vest in full. Where an individual grant does not fall within HMRC EMI rules they are granted as an unapproved option which will typically be subject to PAYE and NI charges.

The weighted average fair value of the 228,000 options granted during the year was determined using the Monte Carlo option pricing model. This resulted in a cost of £0.199 for the 75p options trance, £0.265 for 100p options tranche and £0.301 for the 125p options tranche. The significant inputs to the model were exercise price as shown above, an expected option of 10 years, expected volatility of 75.49% and a risk-free rate of return of 3.64%. The volatility is based on analysis of the volatility of the company's historical share price.

The weighted average fair value of the 65,000 options granted in 2022 was determined using the Black Scholes option pricing model, given there were no performance conditions attached. This resulted in a cost of 7 pence per option. The significant inputs to the model were exercise price as shown above, an expected option of 10 years, expected volatility of 89% and a risk-free rate of return of 0.68%. The volatility is based on analysis of the volatility of the company's historical share price.

The total share-based payment expense recognised in the income statement in respect of employee share options granted to Directors and employees is £12,355 (2022: £17,839).

13. Property, plant and equipment

	Leasehold Improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 April 2022	143,823	31,798	151,871	327,492
Additions	—	—	48,209	48,209
Transfer to assets held for sale	(143,823)	(29,972)	(179,542)	(353,337)
Re-class to current assets	—	(1,826)	(20,538)	(22,364)
At 31 March 2023	**—**	**—**	**—**	**—**
Depreciation				
At 1 April 2022	74,308	25,323	123,509	223,140
Charge for the year	28,765	2,914	29,739	61,418
Transfer to assets held for sale	(103,073)	(26,454)	(133,443)	(262,970)
Re-class to current assets	—	(1,783)	(19,805)	(21,588)
At 31 March 2023	**—**	**—**	**—**	**—**
Net book value				
At 31 March 2023	**—**	**—**	**—**	**—**

Cost				
At 1 April 2021	143,823	32,115	157,405	333,343
Additions	—	—	13,315	13,315
Disposals	—	(317)	(18,849)	(19,166)
At 31 March 2022	**143,823**	**31,798**	**151,871**	**327,492**
Depreciation				
At 1 April 2021	45,544	20,267	111,701	177,512
Charge for the year	28,764	5,253	30,258	64,275
Disposals	—	(197)	(18,450)	(18,647)
At 31 March 2022	**74,308**	**25,323**	**123,509**	**223,140**
Net book value				
At 31 March 2022	**69,515**	**6,475**	**28,362**	**104,352**

14. Intangible assets

All intangible assets related to the former cyber security business. The directors reviewed the totality of intangible assets held compared to expected sales proceeds based on metrics from similar deals in the cyber security sector. The total NBV of intangibles prior to transfer to assets held for sale was £2.58m. On the basis that the accounts are prepared on a basis other than going concern, we assessed whether there should be any material reductions in value to the assets held for sale at the balance sheet date based on our knowledge of events after the year end which showed that the assets were sold for an enterprise value of £4.2m and that no adjustment was therefore required.

	Goodwill	Software and brand licences	Website costs	Development costs	Customer relationships	Total
	£	£	£	£	£	£
Cost						
At 1 April 2022	1,904,172	916,301	36,670	157,779	2,538,308	5,553,230
Transfer to assets held for sale	(1,904,172)	(916,301)	(36,670)	(157,779)	(2,538,308)	(5,553,230)
At 31 March 2023	**—**	**—**	**—**	**—**	**—**	**—**
Amortisation and impairment						
At 1 April 2022	183,785	916,301	27,499	47,408	1,115,575	2,290,568
Amortisation charge for year	—	—	9,171	39,370	237,992	286,533
Transfer to assets held for sale	(183,785)	(916,301)	(36,670)	(86,778)	(1,353,567)	(2,577,101)
At 31 March 2023	**—**	**—**	**—**	**—**	**—**	**—**
Net book value						
At 31 March 2023	**—**	**—**	**—**	**—**	**—**	**—**
At 1 April 2021	1,904,172	916,301	112,935	157,779	2,613,308	5,704,495
Disposals	—	—	(76,265)	—	(75,000)	(151,265)
At 31 March 2022	**1,904,172**	**916,301**	**36,670**	**157,779**	**2,538,308**	**5,553,230**
Amortisation and impairment						
At 1 April 2021	53,438	916,301	74,414	20,318	937,184	2,001,655
Amortisation charge for year	—	—	25,057	27,090	253,391	305,538
Impairment for the year	130,347	—	—	—	—	130,347
Disposals	—	—	(71,972)	—	(75,000)	(146,972)
At 31 March 2022	**183,785**	**916,301**	**27,499**	**47,408**	**1,115,575**	**2,290,568**
Net book value						
At 31 March 2022	**1,720,387**	**—**	**9,171**	**110,371**	**1,422,733**	**3,262,662**

Notes to the consolidated financial statements

for the year ended 31 March 2023

15. Right of use assets

	2023	2022
	£	£
Cost		
At 1 April	549,448	549,448
Lease modification	(63,307)	—
Transfer to assets held for sale	(486,141)	—
At 31 March	—	549,448
Amortisation and impairment		
At 1 April	295,158	186,176
Amortisation charge for year	87,879	108,982
Transfer to assets held for sale	(383,037)	
At 31 March	—	295,158
Net book value		
At 31 March	—	254,290

This asset relates to the Reading office lease which was assigned to the buyer on completion of the sale of the Cyber Security assets in December 2023

16. Trade and other receivables

	2023	2022
	£	£
Trade receivables - gross	—	523,643
Allowance for credit losses	—	—
Trade receivables	—	523,643
Contract assets	—	27,100
Other receivables	**87,476**	442,427
Prepayments	**40,323**	199,050
	127,799	1,192,220

Trade and other receivables are stated at amortised cost.

17. Cash and cash equivalents

	2023	2022
	£	£
Cash and cash equivalents	**974,333**	3,483,063

18. Share capital

	2023	2022
	Number of shares of nil par value	Number of shares of nil par value*
Allotted, called up and fully paid at 1 April	**5,264,212**	5,254,012
New shares issued	—	10,200
Allotted, called up and fully paid at 31 March	**5,264,212**	5,264,212

18. Share capital continued

At the AGM on 15 December 2022, shareholders approved the consolidation of shares on 1 new ordinary share for every existing 100 ordinary shares.

At 31 March 2023 a total of 60,000 following the 1 for 100 share consolidation (2022: 60,000) warrants issued to M D Read remained outstanding. No residual value has been allocated to the warrants as the issue price of the subscribed shares equated to their fair values. These options lapsed in December 2023.

		Warrants	
Expiry	Exercise price (pence)	**2023**	2022
M D Read*		**60,000**	60,000
		60,000	60,000

* The 60,000 warrants have an exercise period ending 36 months after each vesting period. Vesting is conditional on the share price being equal to or greater than the relevant minimum share price during each corresponding vesting period. The warrants shall vest in 4 tranches as set out below:

Vesting period	**Proportion of warrant shares**	**Minimum share price**
The first period of 6 months commencing on 22 August 2016 ("First Vesting Period")	25% (equivalent to 15,000 warrant shares)	400 pence
A second period of 6 months immediately following the expiry of the First Vesting Period ("Second Vesting Period")	25% (equivalent to 15,000 warrant shares)	1,000 pence
A third period of 6 months immediately following the expiry of the Second Vesting Period ("Third Vesting Period")	25% (equivalent to 15,000 warrant shares)	1,500 pence
A fourth period of 6 months immediately following the expiry of the Third Vesting Period ("Fourth Vesting Period")	25% (equivalent to 15,000 warrant shares)	2,000 pence

19. Reconciliation of share capital

	2023	2022
	£	£
At 1 April	**4,043,194**	4,033,161
Premium on issue of nil par value ordinary shares	—	10,033
Proceeds from trade of fractional shares	**18**	—
Share consolidation costs	**(8,209)**	—
At 31 March	**4,035,003**	4,043,194

20. Translation reserve

	2023	2022
	£	£
At 1 April	**—**	(107,777)
Re-translation of foreign subsidiaries	**—**	(1,253)
Exchange differences recycled to the income statement on disposal of business	**—**	109,030
At 31 March	**—**	—

21. Share based payment reserve

	2023	2022
	£	£
At 1 April	**703,151**	747,243
Share based payment charge	**12,355**	17,839
Forfeited share options reversed through reserves	**(17,606)**	(61,931)
At 31 March	**697,900**	703,151

22. Accumulated losses

	2023	2022
	£	£
At 1 April	**(1,397,476)**	(2,943,989)
(Loss) / Profit for the year	**(2,550,138)**	1,484,582
Capital reconstruction	**1,000,000**	—
Forfeited share options reversed through reserves	**17,606**	61,931
At 31 March	**(2,930,008)**	(1,397,476)

The 2022 Liabilities reserve was a special non distributable reserve in respect of certain longer-term liabilities including HMRC COVID -19 deferral and rental liabilities on the Reading office. This reserve was created as part of the capital variation in completed in February 2021. The reserve was no longer needed and the balance on this account transferred to accumulated losses on 31 December 2022.

23. Deferred taxation

	2023	2022
	£	£
Group		
Balance at 1 April	—	(9,529)
Credit to income statement	—	9,529
Balance at 31 March	—	—

The Company does not recognise a deferred tax asset in respect of losses carried forward as it currently has no trading operations.

24. Trade and other payables

	2023	2022
	£	£
Trade payables	**85,781**	388,339
Other payables within one year	**1,514**	23,437
Taxation and social security	**5,606**	216,916
Accruals	**172,837**	176,216
	265,738	804,908

25. Lease liability

Nature of leasing activities

The Group had no leases at the date of this report with the lease for the Reading office having been assigned on completion of the sale of the cyber security division on 12 December 2023.

Lease terms are negotiated on an individual basis and contains separate terms and conditions.

	2023	2022
Number of active leases	**0**	1

Lease liability at year end

	2023	2022
	£	**£**
Non-current		
Lease liability	**—**	149,691
	—	149,691
Current		
Lease liability	**—**	103,182
	—	103,182
Total Lease liability	**—**	252,873
Analysis of lease liability		
At 1 April	**252,873**	348,871
Interest expense	**16,290**	22,114
Lease payments	**(79,241)**	(118,112)
	(63,307)	—
Transferred to liabilities held for sale	**(126,615)**	—
At 31 March	**—**	252,873

Analysis of gross value of lease liabilities

	2023	2022
	£	£
Maturity of the lease liabilities is analysed as follows:		
Within 1 year	**—**	103,182
Later than 1 year and less than 5 years	**—**	149,691
At 31 March	**—**	252,873

26. Borrowings

Falanx Cyber Defence Ltd, a wholly owned subsidiary (disposed 12 December 2023) took out a £50,000 Coronavirus Business Interruption Loan (CBIL) with HSBC. The loan is repayable in 5 years from June 2021. The loans attract an interest rate of 2.5%. No arrangement fees were applied by the lender.

On 18 August 2021, the Company announced a 5-year growth loan facility from BOOST&Co taken via Falanx Cyber Defence Limited (a wholly owned subsidiary). The full £2.5m was drawn down in 2 tranches, the first of £1m on 18 August 2021 and the second pf £1.5m on 13 October 2021. Basic annual interest was 11% and could be increased to a maximum of 15% based on increases in SONIA. Straight-line amortisation of the loan commenced in October 2022. The loan carried a 3% early prepayment fee on the then amount outstanding. This loan transferred out of the Group on the sale of this entity on 12 December 2023

	2023	2022
	£	**£**
Non-current		
Bank loan	**—**	32,414
Term loan	**—**	2,062,324
	—	2,094,738
Current		
Bank loan	**—**	9,715
Term loan	**—**	255,987
	—	265,702
Total Loan liability	**—**	2,360,440
Analysis of loan liability		
At 1 April	**2,360,440**	50,000
Loan repayment	**(265,702)**	(7,871)
Additions	—	2,500,000
Loan costs	—	(205,347)
Amortised transaction cost	**41,929**	23,658
Transferred to liabilities held for sale	**(2,136,667)**	—
At 31 March	**—**	2,360,440

Analysis of gross value of bank loan

Maturity of the bank loan is analysed as follows:	**2023**	2022
	£	£
Within 1 year	**—**	265,702
Later than 1 year and less than 5 years	**—**	2,094,738
At 31 March	**—**	2,360,440

27. Subsidiaries

The Company holds more than 50% of the share capital of the following companies:

Name	Country of incorporation	Nature of business	Proportion of shares Shares held by parent
Falanx Cyber Defence Limited	England and Wales	Cyber defence solutions, disposed 12 December 2023	100%
Falanx Cyber Holdings Limited	England and Wales	Dormant	100%
First Base Technologies (London) Limited	England and Wales	Dormant	100%
Securestorm Limited	England and Wales	Dormant	100%
Falanx Cyber Technologies Limited	England and Wales	Cyber R&D, disposed 12 December 2023.	100%
Cloudified Limited	England and Wales	Dormant	100%
Falanx Protection Limited	British Virgin Islands	Dormant	100%
Penetration Testing Ltd	England and Wales	Dormant	100%

28. Financial instruments

The Group is exposed through its operations to one or more of the following financial risks that arise from its use of financial instruments. A risk management programme has been established to protect the Group against the potential adverse effects of these financial risks.

Market risk

The main risks arising from the Group's financial instruments are liquidity risk, credit risk and foreign currency risk. The directors regularly review and agree policies for managing each of these risks and are set out in the subsections below. The totals for each category of financial instruments and the carrying amounts, measured in accordance with IFRS 9 as detailed in the policies, are as follows:

Financial assets

	2023	2022
	£	£
Trade and other receivables	**87,476**	986,070
Cash and cash equivalents	**974,333**	3,483,063
	1,061,809	4,469,133

Financial liabilities

	2023	2022
	£	£
Trade and other payables	**87,295**	411,776
Lease liability	**—**	252,873
Borrowings	**—**	2,360,440
Accruals	**172,837**	176,216
	260,132	3,201,305

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting these obligations associated with financial liabilities.

The responsibility for liquidity risks management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short term and long-term funding and liquidity requirements.

The Group manages liquidity risks by maintaining adequate reserves by continuously monitoring monthly expected forecasts and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

28. Financial instruments continued

The trade and other payables, borrowings, and lease liability maturity profile, based on contractual undiscounted cash flows, of the Group is as follows:

	2023	2022
	£	£
Trade and other payables due in:		
Less than one month	**30,866**	327,726
One month to six months	**56,428**	133,062
Six months to one year	**—**	313,396
Greater than one year	**—**	2,250,905
Total	**87,294**	3,025,089

The borrowings maturity profile, based on contractual undiscounted cash flows, of the Group is as follows:

	2023	2022
	£	£
Trade and other payables due in:		
Less than one month	**—**	800
One month to six months	**—**	4,027
Six months to one year	**—**	260,875
Greater than one year	**—**	2,094,738
Total	**—**	2,360,440

The borrowings recorded in the prior year entirely related to the cyber security division, and these were transferred on completion of its sale in December 2023. Consideration due to the Company was adjusted to reflect these items.

The Company has sufficient working capital to meet these liabilities as they fall due.

Credit risk

Credit risk is the risk that a counterparty will cause a financial loss to the Group by failing to discharge its obligation to the Group.

The Group manages its exposure to this risk by applying Board approved limits to the amount of credit exposure to anyone counterparty and employs strict minimum credit worthiness criteria as to the choice of counter-party thereby ensuring that there are no significant concentrations of credit risk.

The carrying amount of financial assets represents the maximum credit exposure; therefore, the maximum exposure to credit risk at the statement of financial position date was £1,061,809 (2022: £4,469,133). The amount represents the total of the carrying amount of current assets.

The maximum amount exposure to credit risk for trade receivables at the statement of financial position date was £nil (2022: £523,643), with all trade receivables arising from disposals. As at the date of signing these financial statements, the Group does not expect to incur material credit losses of its financial assets or other financial instruments and therefore credit exposure is considered minimal.

As at 31 March 2023, trade receivables past due for the continuing business totalled £nil (2022: £96,330) of which £nil (2022: £nil) have been impaired. All trade receivables related to discontinued items and no credit losses had been incurred in the previous four years.

	2023	2022
	£	£
Up to 3 months	**—**	79,170
3 months to 6 months	**—**	17,160
6 months to 12 months	**—**	—
Over 12 months	**—**	—
Expected credit loss provision at 31 March	**—**	96,330

28. Financial instruments continued

Credit quality of financial assets

The Group's credit risk was previously mainly attributable to trade receivables. The Group's customers are spread across a wide range of industries and service sectors and consequently the Group is not exposed to material concentrations of credit risk on trade receivables with there being a preponderance of blue-chip companies.

The credit quality of financial assets is assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

The Group applies IFRS 9 simplified approach to measure expected losses using a lifetime expected credit loss provision for trade receivables and contract assets. The expected loss rates are based on a view of forward-looking information as well as the Group's historical credit losses experienced in a two-year period.

A reconciliation of the movement in the impairment allowance for trade receivables is a shown below:

	2023	2022
	£	£
Provision for bad and doubtful debts at 1 April	**—**	—
Amount released	**—**	—
Expected credit loss provision at 31 March	**—**	—

Foreign currency risk

The company now has no foreign currency exposure save for trivial amounts. The Group currently does not utilise swaps or forward contracts to manage its currency exposures, although such facilities are considered and may be used where appropriate in the future.

29. Capital risk management

Total capital managed in the Group is the shareholders' funds as shown in the statement of financial position. The Group aims to manage its overall capital to ensure that it continues to operate as a going concern, whilst seeking providing an adequate return to its shareholders.

The Group set the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and adjusts it in the light of changes in economic conditions, asset ownership and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. Should the company not be able to identify an appropriate reverse takeover opportunity it may undertake a member's voluntary liquidation and distribution of cash to shareholders.

The Group is not subject to any externally imposed capital requirements.

30. Capital risk management (continued)

Other risks management

The Group operations expose it to a variety of financial risks that include the effects of changes in interest rates, liquidity risk and credit risk. Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Group's finance department.

30. Pension

The Group operates a defined contribution pension scheme in accordance with the Government Directive on Workplace Pensions. The total contributions (across both continuing and discontinued items) for the year were £71,215 (2022: ££77,716).

31. Capital and Financial commitment

The Group had no capital or financial commitments in any of the periods presented.

32. Control

No ultimate party controls Cloudified Holdings Limited.

33. Related party transactions

Cloudified Holdings Limited provided head office and management services to subsidiary companies and supported them with working capital during the year ended 31 March 2023.

34. Events after the reporting period

On 9 November 2023, the Company announced the sale of its cyber security division. The purchaser, Thetis Bidco Limited, the owner of Wavenet Ltd, an MSP supported by MacQuarrie, acquired the division for an enterprise value of £4.2 million, subject to customary adjustments for debt, intercompany balances, and working capital normalisation. Shareholder approval for the sale was obtained at the general meeting convened on 27 November 2023, with the transaction being finalised on 12 December 2023.

Movements in cash since the completion of the disposal on 12th December 2023 to 29th February 2024 are set out below.

	£'000
Enterprise value (payable in cash)	4,200
Adjustments for borrowings, debt and working capital	(2,365)
Transaction Costs	(563)
Restructuring Costs	(705)
Cash at 29 February 2024	567

Following the completion of the sale, the Company swiftly adjusted its operational structure to align with its new status as a cash shell, resulting in significant reductions in Group expenses and the implementation of redundancies for executives and other personnel in accordance with their contractual terms. As of 29 February 2024, the Company's cash balances were approximately £567,000 which was greater the anticipated level forecasted at the time of the disposal announcement on 9 November 23. The Group is now debt free, and the expected ongoing cost base is approximately £30,000 per month.

On 27th November 2023 the company changed its name from Falanx Cyber Security Limited to Cloudified Holdings Limited.

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