RNS Number : 8292U
Catenae Innovation PLC
30 March 2023

30 March 2023

Catenae Innovation PLC

("Catenae", the "Company" or the "Group")

Final Results

Catenae Innovation PLC (AIM: CTEA), the AIM quoted provider of digital media and technology, announces its full year audited results for the 15-month period ended 31 December 2022.

Financial overview

- The Group made a net loss for the period of £523,497 (2021: £1,246,948). Revenues for the period were £152,437 (2021: £30,210).
- The Group has a statement of financial position at the period end showing net liabilities of £126,298 (2020: net assets £381,926).

The auditors have made reference to going concern by way of a material uncertainty within their audit report. The Directors are confident that the Group will achieve its cash flow forecasts and, taking into account the operating initiatives already in place and the funding options available to the Company, have prepared the accounts on a going concern basis. Nevertheless, the forecasts show that the Group may have a low level of cash in twelve months' time and may require further funding in the longer term to meet its commitments as they fall due. These conditions and events indicate the existence of material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and the Group may therefore be unable to realise their assets and discharge their liabilities in the ordinary course of business. The auditor's opinion is not modified in respect of this matter. The Independent Auditor's Report is set out in full below.

Operational overview

The Board continues to focus on organic growth, building on existing customer relationships and attracting new clients, and also on identifying and exploring strategic acquisitions to build the Group and improve shareholder value.

Posting of Accounts

The Reports and Accounts of Catenae have been posted to shareholders and are available on the Company's website www.catenaeinnovation.com

This announcement contains inside information for the purposes of the UK Market Abuse Regulation. The person who arranged for release of this announcement on behalf of the Company was Guy Meyer, Chief Executive Officer of the Company and the Directors of the Company are responsible for the release of this announcement.

For further information please contact:

Catenae Innovation PLC Guy Meyer, Chief Executive Officer	+44 (0)191 580 8545
Cairn Financial Advisers LLP (Nominated Adviser) Liam Murray / Jo Turner	+44 (0)20 7213 0880
Shard Capital Partners LLP (Broker) Damon Heath	+44 (0)20 7186 9952

Notes to Editors:

About Catenae Innovation PLC

Catenae Innovation PLC is an AIM quoted provider of digital media and technology services. Catenae uses the power of blockchain to deliver solutions where its people-centric technology enables trust and certainty allowing organisations to gain better control over their operations, manage staff and safely welcome customers.

www.catenaeinnovation.com

Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as ''believe'', ''could'', "should" ''envisage'', ''estimate'', ''intend'', ''may'', ''plan'', ''potentially'', "expect", ''will'' or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

Chairman's Statement

Business and performance review

The Company has focused on delivering its first substantial contract with Saxavord Space Port and has continued to pursue other potential business opportunities. The Board has also continued with its robust approach to remedying the contractual issues that have arisen with its subsidiary, Hyperneph Software Ltd.

Financial overview

The Group made a net loss for the period of £523,497 (2021: £1,246,948). Revenues for the period were £152,437 (2021: £30,210).

The Group has a statement of financial position at the period-end showing net liabilities of £126,298 (2021: net assets £381,926).

Share Issues

During the year Catenae issued new shares as a result of the exercise of warrants as follows:

- 2,954,545 0.4p warrants were exercised raising funds of £11,818; and
- 863,636 0.4p warrants were exercised raising funds of £3,455.

No other shares were issued during the period.

Company strategy

The Board continues to focus on organic growth, building on existing customer relationships and attracting new clients, and also on identifying and exploring strategic acquisitions to build the Group and improve shareholder value.

Operational KPIs

During the 15-month period, we refined the operational KPIs we believe to be most relevant. These are:

- number of customers;
- number of repeat orders;
- number of acquisition opportunities reviewed; and
- bank balance.

Current Trading and Outlook

We continue to seek acquisition opportunities and since the period end have had multiple discussions. We are also in discussions with our existing customers for additional work.

I would like to thank the team at Catenae for their commitment and tenacity in pursuing every opportunity to bring new business into the Company.

Brian Thompson

Chairman
29 March 2023

Consolidated statement of comprehensive income for the period ended 31 December 2022

	Note	15 months 31 December 2022 £	12 months 30 September 2021 £
Revenue	3	**152,437**	**30,210**
Cost of Sales		(12,600)	(14,400)
Gross profit		**139,837**	**15,810**
Administrative expenses	5	(667,002)	(939,027)
Impairment losses		-	(318,629)
Loss from operations		**(527,165)**	**(1,241,846)**
Net finance expense	7	-	10
Loss before taxation		**(527,165)**	**(1,241,836)**
Taxation	9	3,668	(5,112)
Loss from continuing operations		**(523,497)**	**(1,246,948)**
Total comprehensive loss for the period		**(523,497)**	**(1,246,948)**
Loss attributable to:			
Owners of the parent		(514,695)	(1,257,149)
Non-controlling interest		(8,802)	10,201
		(523,497)	**(1,246,948)**
Basic and diluted loss per share (pence)	11	**(0.18)**	**(0.49)**

Consolidated Statement of financial position at 31 December 2022

	Note	31 December 2022 £	30 September 2021 £
Non-current assets			
Property, plant and equipment	12	5,431	6,828
Intangible assets	13	1	1
		5,432	**6,829**
Current assets			
Trade and other receivables	15	81,913	45,236
Cash and other equivalents		65,443	605,082
		147,356	**650,318**
Current liabilities			
Trade and other payables	16	(279,086)	(275,221)
Interest bearing loans	17	-	-
		(279,086)	**(275,221)**
Non current liabilities			
Interest bearing loans	17	-	-
Total liabilities		**(279,086)**	**(275,221)**
Net assets / (liabilities)			
		(126,298)	**381,926**
Capital and reserves			
Ordinary share capital	19	570,078	562,441
Deferred share capital	19	3,159,130	3,159,130
Share premium account		19,665,457	19,657,821
Share reserve		(83,333)	(83,333)
Merger reserve		11,119,585	11,119,585
Capital redemption reserve		2,732,904	2,732,904
Retained Losses		(37,292,835)	(36,778,140)
Capital and reserves attributable to the owners of Catenae Innovation Plc		(129,014)	370,408
Non-controlling interest		2,716	11,518
Total equity		(126,298)	381,926

The financial statements were approved by the Board and authorised for issue on 29 March 2023

Brian Thompson

Chairman

Consolidated statement of cash flows for the period ended 31 December 2022

Cash flow from operating activities	Note	15 months 31 December 2022 £	12 months 30 September 2021 £
Loss for the period		**(523,497)**	**(1,246,948)**
Adjustments for:			
Impairment of investment		-	318,629
Net bank and other interest charges		-	(10)
Services settled by the issue of shares		-	72,704
Depreciation		1,810	-
Net cash outflow before changes in working capital		**(521,687)**	**(855,625)**
(Increase)/Decrease in trade and other receivables		(36,677)	(24,633)
(Decrease) / Increase in trade and other payables		3,865	(112,896)

Cash outflow from operations	**(554,499)**	**(993,154)**
Interest received	-	10
Interest paid	-	-
Net cash flows from operating activities	(554,499)	(993,144)
Investing activities		
Investment in subsidiary	-	(217,500)
Purchase of property, plant and equipment	(413)	
Net cash flows from investing activities	(413)	(217,500)
Financing activities		
Issue of ordinary share capital	15,273	1,119,683
Repayment of loan	-	(18,000)
New loans raised	-	-
Net cash flows from financing activities	**15,273**	**1,101,683**
Net (decrease) / increase in cash	**(539,639)**	**(108,961)**
Cash and cash equivalents at beginning of period	605,082	714,043
Cash and cash equivalents at end of period	**65,443**	**605,082**

During the prior year £72,704 of trade and other payables and loans were converted into equity in non-cash transactions.

Consolidated statement of changes in equity for the period ended 31 December 2022

	Share Capital	Share Premium	Deferred Shares / Shares to be issued	Other Reserves	Retained Earnings	Non-controlling interest	Total Equity
	£	£	£	£	£	£	£
Balance at 30 Sept 2020	**442,183**	**18,652,949**	**3,159,130**	**13,769,156**	**(35,520,991)**	**-**	**502,427**
Loss for the period	-	-	-	-	(1,257,149)	10,201	(1,246,948)
Non-controlling share of net assets on acquisition	-	-	-	-	-	1,317	1,317
Share capital issued	120,258	1,073,452	-	-	-	-	1,193,710
Share issue costs	-	(68,580)	-	-	-	-	(68,580)
Balance at 30 Sept 2021	562,441	19,657,821	3,159,130	13,769,156	(36,778,140)	11,518	381,926

Loss for the period	-		-	-	(514,695)	(8,802)	(523,497)
Non-controlling share of net assets on acquisition	-	-	-	-	-	-	-
Share capital issued	7,637	7,636	-	-	-	-	15,273
Share issue costs	-	-	-	-	-	-	-
Balance at 31 Dec 2022	**570,078**	**19,665,457**	**3,159,130**	**13,769,156**	**(37,292,835)**	**2,716**	**(126,298)**

The other reserves relate to the merger reserve, share reserve and the capital redemption reserve

Company statement of financial position at 31 December 2022

	Note	31 December 2022 £	30 September 2021 £
Non-current assets			
Intangible assets		1	1
Investments	14	-	-
		1	**1**
Current assets			
Trade and other receivables	15	74,745	45,236
Cash and other equivalents		61,922	539,842
		136,667	**585,078**
Current liabilities			
Trade and other payables	16	(308,508)	(226,659)
Interest bearing loans	17	**-**	**-**
		(308,508)	**(226,659)**
Non current liabilities			
Interest bearing loans	17	-	-
Total liabilities		**(308,508)**	**(226,659)**
Net assets / (liabilities)		**(171,840)**	**358,420**
Capital and reserves			
Ordinary share capital	19	570,078	562,441
Deferred share capital	19	3,159,130	3,159,130
Share premium account		19,665,457	19,657,821
Share reserve		(83,333)	(83,333)
Merger reserve		11,119,585	11,119,585
Capital redemption reserve		2,732,904	2,732,904
Retained Losses		(37,335,661)	(36,790,128)
Shareholders' funds		(171,840)	358,420

Catenae Innovation Plc has taken advantage of s408 of Companies Act 2006 and has not included its own profit and loss account in the financial statements. The Company's loss for the period after tax was £545,533 (2021: £1,269,137).

The financial statements were approved by the Board and authorised for issue on 29 March 2023.

Brian Thompson

Chairman

Company statement of cash flows for the period ended 31 December 2022

Cash flow from operating activities	**15 months 31 December 2022 £**	**12 months 30 September 2021 £**

Loss for the period	**(545,533)**	**(1,269,137)**
Adjustments for:		
Impairment of investment	-	320,000
Net bank and other interest charges	-	(10)
Services settled by the issue of shares	-	72,704
Issue of share options and warrants charge	-	-
Net cash outflow before changes in working capital	**(545,533)**	**(876,443)**
(Increase)/Decrease in trade and other receivables	(29,509)	(24,633)
(Decrease) / Increase in trade and other payables	81,849	(157,318)
Cash outflow from operations	(493,193)	(1,058,394)
Interest received	-	10
Interest paid	-	-
Net cash flows from operating activities	(493,193)	(1,058,384)
Investing activities		
Investment in subsidiary	-	(217,500)
Net cash flows from investing activities	-	(217,500)
Financing activities		
Issue of ordinary share capital	15,273	1,119,683
Repayment of loan	-	(18,000)
New loans raised	-	-
Net cash flows from financing activities	**15,273**	**1,101,683**
Net (decrease) / increase in cash	**(477,920)**	**(174,201)**
Cash and cash equivalents at beginning of period	539,842	714,043
Cash and cash equivalents at end of period	**61,922**	**539,842**

During the prior period £72,704 of trade and other payables and loans were converted into equity in non-cash transactions.

Company statement of changes in equity for the period ended 31 December 2022

	Share Capital	**Share Premium**	**Deferred Shares / Shares to be issued**	**Other Reserves**	**Retained Earnings**	**Total Equity**
	£	**£**	**£**	**£**	**£**	**£**
Balance at 30 Sept 2020	**442,183**	**18,652,949**	**3,159,130**	**13,769,156**	**(35,520,991)**	**502,427**
Loss for the period	-	-	-	-	(1,269,137)	(1,269,137)
Capital Reduction	-	-	-	-	-	-
Share capital issued	120,258	1,073,452	-	-	-	1,193,710

Share issue costs	-	(68,580)	-	-	-	(68,580)
Balance at 30 Sept 2021	562,441	19,657,821	3,159,130	13,769,156	(36,790,128)	358,420
Loss for the period	-		-	-	(545,533)	(545,533)
Capital Reduction	-	-	-	-	-	-
Share capital issued	7,637	7,636	-	-	-	15,273
Share issue costs	-	-	-	-	-	-
Balance at 31 Dec 2022	**570,078**	**19,665,457**	**3,159,130**	**13,769,156**	**(37,335,661)**	**(171,840)**

The other reserves relate to the merger reserve, share reserve and the capital redemption reserve.

Notes to the consolidated financial statements for the period ended 31 December 2022

The principal activity of the Group is the provision of multimedia and technology solutions.

Catenae Innovation Plc is incorporated in the United Kingdom with registration number 04689130. Catenae Innovation Plc is domiciled in the United Kingdom and has its registered office at 27 Old Gloucester Street, London WC1N 2AX. The principal place of business for the Company is 26-27 Lansdowne Terrace, Gosforth, Newcastle Upon Tyne, NE3 1HP.

Catenae Innovation Plc is a public limited company, limited by shares and its shares are quoted on the AIM market of the London Stock Exchange.

Catenae Innovation Plc's financial statements are presented in Pounds Sterling.

The Group has extended its period end to the 15 months ended 31 December 2022 in order to align with the calendar year. The comparatives are for the 12 months ended 30 September 2021.

1. Principal accounting policies

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

Statement of compliance

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with those parts of the Companies Act 2006 applicable to companies reporting under International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). There was no impact of the change in framework from the previous EU adopted International Financial Reporting Standards to UK-adopted International Accounting Standards.

Basis of preparation and consolidation

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Group and separate parent company financial statements have been prepared under the historic cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

The Group financial statements consolidate those of the Company and of its subsidiary undertakings drawn up to 31 December 2022. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The trading results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-Group transactions, balances, income and expenditure are eliminated on consolidation.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement and below. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements. In addition, note 18 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and exposures to credit risk and liquidity risk.

The net liability position as at 31 December 2022, being the Group's financial period-end, was £126,297 and the Group made a loss of £523,497 for the period. However, the Board has been able to agree additional funding in the form of a convertible loan for £250,000 from Sanderson Capital Partners Ltd. In addition, the Directors have considered the potential revenue from the Group's sales pipeline based on discussions with existing customers and acquisition opportunities.

The Directors are confident that the Group will achieve its cash flow forecasts and, taking into account the operating initiatives already in place and the funding options available to the Company, have prepared the accounts on a going concern basis. Nevertheless, the forecasts show that the Group may have a low level of cash in twelve months time and may require further funding in the longer term to meet its commitments as they fall due. These conditions and events indicate the existence of material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern and the Group may therefore be unable to realise their assets and discharge their liabilities in the ordinary course of business. These financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

The auditors have made reference to going concern by way of a material uncertainty within their audit report.

Revenue recognition

The Group provides software licencing and support services.

The weighting of these and pricing of these services (which drives the revenue recognition) depends on the service level required by the client, and on the commercial imperatives and pricing sensitivities of the client.

The contractual performance obligations will typically be embedded in an agreement with the client.

Where that agreement is detailed, the revenue recognition will follow the allocation of fees and revenues against the completion of the agreed performance milestones in the accounting period.

Where the agreement is not specific, the revenue recognition will be in proportion to the completion of performance milestones in the relevant accounting period against the internal costings prepared in advance for each project.

(i) Software licencing contracts

Revenue from software licencing contracts is recognised when the customer takes possession of and accepts the software licence products which is the point in time when the customer has the ability to direct the use of the product and obtain substantially all of the benefits of the products.

(ii) Ongoing support and maintenance contracts

Revenue from ongoing support and maintenance contracts is recognised over the contractual term when the customer simultaneously receives and consumes the benefits provided by the Group's performance, as the Group performs. The Group recognises contract liabilities for any revenue not yet provided to the customer as of the period end.

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Group's development activity is recognised only if all the following conditions are met:

- an asset is created that can be identified (such as a website);
- it is probable that the asset created will generate future economic benefits: and,
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their estimated useful economic lives. The amortisation expense is included within the other administrative expenses line of the Statement of Comprehensive Income.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights.

Business combinations and goodwill

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the consolidated statement of profit or loss as incurred. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in consolidated statement of profit or loss immediately.

Property, plant and equipment

Plant, machinery, fixtures and fittings are stated at historical cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the reducing balance method, on the following bases:

Plant and machinery - 20 per cent per annum

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Impairment of non-current assets

For the purposes of assessing impairment, assets are grouped into separately identifiable cash-generating units. At the end of each reporting period, the Group reviews the carrying amounts of its non-current assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use based on an internal discounted cash flow evaluation.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits.

Deferred taxation

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

Investments

Investments in subsidiaries, associates and joint ventures are stated cost and reviewed for impairment if there are indicators that the carrying value may not be recoverable. An impairment loss is recognised to the extent that the carrying amount cannot be recovered either by selling the asset or by continuing to hold the asset and benefitting from the net present value of the future cash flows of the investment. The Group has not elected to apply equity method of accounting to investments in associates.

Equity

Equity comprises the following:

- *Share capital* represents the nominal value of issued ordinary shares and deferred shares.
- *Share premium* represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- *Shares to be issued reserve* represents cash received for the purchase of shares yet to be issued at the period end and for creditors who have agreed to convert their debt to shares yet to be issued at the period end.
- *Merger reserve* represents the excess over nominal value of the fair value of consideration received for equity shares issued on acquisition of subsidiaries, net of expenses of the share issue.
- *Share reserve* represents shares held in treasury at nominal value following the conclusion of the defaulting shares from October 2016.
- *Capital redemption* reserve represents the nominal value of shares repurchased by the Company.
- *Retained earnings* represent retained profits and losses.
- *Non-controlling interest* relates to the ownership interest and accumulated comprehensive income of the minority shareholders in the Group's subsidiaries.

Equity instruments

Equity instruments issued by the Company are recorded as the proceeds received, net of direct costs.

Financial assets

On initial recognition, financial assets are classified as either financial assets at fair value through the statement of profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

Loans and receivables

The Group classifies all its financial assets as trade and other receivables. The classification depends on the purpose for which the financial assets were acquired.

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

For trade receivables and other receivables due in less than 12 months, the Group applies the simplified approach in calculating Expected Credit Losses ("ECL's"), as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

Financial liabilities

Financial liabilities are recognised when, and only when, the Group becomes a party to the contracts which give rise to them and are classified as financial liabilities at fair value through the profit and loss or loans and payables as appropriate. The Group's loans and payable comprise trade and other payables.

When financial liabilities are recognised initially, they are measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through income statement.

Fair value through the income statement category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. There were no financial liabilities classified under this category.

The Group determines the classification of its financial liabilities at initial recognition and re-evaluate the designation at each financial period end.

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Share-based payments

When share options and warrants are awarded, the fair value of the options and warrants at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market conditions are taken into account by adjusting the number of equity instruments expected to vest at each end of reporting period, so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options and warrants that eventually vest.

Market conditions are factored into the fair value of the options and warrants granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options and warrants are modified before they vest, the increase in fair value of the options and warrants, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the full cost of services provided is recognised as a current liability and as a charge in the statement of comprehensive income. When shares are issued to settle the obligation, the liability is extinguished and the share issue is reflected in equity as an issue of share capital.

Upon exercise of share options and warrants, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

New and amended standards and interpretations adopted by the Group

There were no new standards and interpretations to published standards adopted during the period which have had a significant impact on the Group's accounting policies.

New and amended standards and interpretations issued but not effective for the financial period beginning 1 October 2021

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 17 "Insurance Contracts", effective date 1 January 2023 applies a model that combines a current balance sheet measurement of insurance contracts with recognition of profit over the period that services are provided.

IAS 37 "Onerous contracts", effective 1 January 2022 relates to costs of fulfilling a contract.

The impact of the above standards on the financial statements is expected to be insignificant. The effect of all other new and amended standards and interpretations which are in issue but not yet mandatorily effective is not expected to be material. The Directors will continue to monitor the effect of this and should the effect become material, more detailed notes will be provided.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

Where necessary, the comparatives have been reclassified or extended from the previously reported results to take into account presentational changes.

Critical judgements and estimates in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in note 1, management has made the following judgements and estimates that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Judgements

Going concern

Management have considered that the Group remains a going concern. The going concern assumption is discussed further in note 1.

Estimates

There are not deemed to be any key sources of estimation of uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Segment and revenue analysis

The accounting policy for identifying segments is based on the internal management reporting information that is regularly reviewed by the senior management team.

The Group has one reportable segment:

Catenae and Hyperneph Software Ltd -generates revenue from the exploitation of intellectual property and licenses held.

The financials for this segment can be seen in the financial statements in this document.

The Group derives revenue from the transfer of services over time and at a point in time to customers all located in the UK.

	15 months 31 December 2022 £	**12 months 30 September 2021 £**
Timing of revenue recognition:		
At a point in time	152,437	30,210
Over time	-	-
Total revenue	152,437	30,210

4. Joint venture - Trust in Media Ltd

4. Joint venture – Trust in Media Ltd

In March 2018, the Group formed a joint venture to create Trust in Media Ltd. Catenae held 50.5% of the shares in Trust in Media Ltd.

The company entered compulsory liquidation on 29 July 2020 when the official receiver was appointed.

The official receiver completed the winding-up on 13 September 2021 without any claim on the Group and Trust in Media Ltd was dissolved on 20 December 2021.

5. Administrative expenses

The following amounts are included within administrative expenses:

	15 months 31 December 2022 £	12 months 30 September 2021 £
Auditors' remuneration:		
Fees payable to the Company's auditor:		
For the audit of the Company's annual accounts	14,000	14,000
For the audit of the Company's subsidiaries	3,000	6,000
Fees for taxation compliance services	-	-
Staff costs (note 6)	345,083	311,380
Depreciation	1,810	621

6. Directors and staff

Staff costs during the period, including Directors, were as follows:

	15 months 31 December 2022 £	12 months 30 September 2021 £
Wages and salaries	311,707	283,789
Social security costs	29,733	25,279
Pension costs	3,643	2,312
	345,083	311,380

The average number of staff of the Group during the period was as follows:

	15 months 31 December 2022 no.	12 months 30 September 2021 no.
Sales, distribution and technology	1	2
Directors and administration	3	5
	4	7

The amounts paid and accrued as a liability by the Company in respect of the Directors, who are the key management personnel of the Company was as follows:

	15 months 31 December 2022 £	12 months 30 September 2021 £
Edward Guy Meyer	132,000	139,000
Brian Thompson	-	16,000
John Farthing	59,250	52,000
Total Directors emoluments	191,250	207,000
Employers national insurance, employers pension and share option / warrant charges for key management personnel (including directors)	17,065	26,560
	208,315	**233,560**

Details of the total amounts outstanding to the Directors at the period end are detailed in note 16.

7. Net finance expenses

	15 months 31 December 2022 £	12 months 30 September 2021 £
Bank interest receivable	-	10
	-	**10**

8. Discontinued operations

There were no discontinued operations during the period.

9. Tax on loss

	15 months 31 December 2022 £	12 months 30 September 2021 £
Corporation tax charge on profits for the period	(3,668)	5,112
Total current tax charge	**(3,668)**	**5,112**

The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the UK applied to profits for the period are as follows:

	2022 £	2021 £
Loss before tax	(527,165)	(1,241,836)
Loss at the standard rate of corporation tax in the UK of 19% (2020: 19%)	(100,161)	(235,949)
Effects of:		
Expenses not deductible for tax purposes	681	186
Other adjustments	-	67,194
Losses carried back	(3,668)	-
Unutilised tax losses and other deductions	99,480	173,681
Total tax charge in the period	(3,668)	5,112

Deferred tax assets of approximately £2.9m (2021: £2.8m) have not been recognised in the financial statements as there is currently insufficient evidence to suggest that any deferred tax asset would be recoverable. The Group has unutilised tax losses of approximately £15.3m (2021: £14.8m) that would be available to carry forward against future profits from the same activity, subject to agreement by HM Revenue & Customs.

10. Dividend

No dividends have been paid or proposed in the period (2021: £nil).

11. Loss per share

The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. The calculation of diluted loss per share is based on the basic loss per share, adjusted to allow for the issue of shares and the post tax effect of dividends and interest, on the assumed conversion of all other dilutive options and other potential ordinary shares.

There were 144,444 share options and 26,977,240 share warrants outstanding at the period-end (2021: 164,444 and 70,022,695). However, the figures for 2022 and 2021 have not been adjusted to reflect conversion of these share options, as the effects would be anti- dilutive.

	31 December 2022			30 September 2021		
	Loss £	Weighted average number of shares	Per share amount Pence	Loss £	Weighted average number of shares	Per share amount Pence
Basic and diluted loss per share attributable to shareholders	(514,695)	284,017,394	(0.18)	(1,257,149)	258,490,041	(0.49)

12. Property, plant and equipment

Group	Plant and machinery	Total
	£	£
Cost		
At 1 October 2020	-	-
On acquisition of subsidiary	6,522	6,522
Additions	2,111	2,111
At 30 September 2021	8,633	8,633
Additions	413	413
At 31 December 2022	**9,046**	**9,046**
Accumulated depreciation		
At 1 October 2020	-	-
On acquisition of subsidiary	1,184	1,184
Charge for the year	621	621
At 1 October 2021	1,805	1,805
Charge for the period	1,810	1,810
At 31 December 2022	**3,615**	**3,615**
Carrying amount		
As at 30 September 2021	6,828	6,828
As at 31 December 2022	5,431	5,431

13. Intangible assets

Group	Goodwill	Total
	£	£
Cost		
At 1 October 2020	1	1
Additions	318,629	318,629
At 30 September 2021 and 31 December 2022	318,630	318,630
Impairment		
At 1 October 2020	-	-
Impairment charge	(318,629)	(318,629)
At 30 September 2021 and 31 December 2022	(318,629)	(318,629)
Carrying amount		
As at 30 September 2021 and 31 December 2022	1	1

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. The assets have been allocated for impairment testing purposes to the individual businesses acquired which are also the cash-generating units ("CGU") identified. The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections based on financial budgets approved by the Directors. The projections are based on the assumption that the Company can realise projected sales. A prudent approach has been applied with no residual value being factored into these calculations. If the projected sales do not materialise there is a risk that the total value of the intangible assets shown above would be impaired.

Goodwill is assessed annually for impairment. At the period end based on these assumptions there is an indication of impairment of the full value of goodwill.

Dispute with the sellers of Hyperneph Software Limited

On 4 May 2021 the Company acquired a 51% interest in Hyperneph Software Limited ("Hyperneph" or "Acquisition"). Tony Sanders is a former director of the Company and a director and shareholder of Hyperneph. The consideration for the Acquisition amounts to £320,000, of which £270,000 will be satisfied in cash ("Cash Consideration") and the balance of £50,000 will be satisfied by way of the issue of new ordinary shares in the Company ("Equity Consideration"). Hyperneph, incorporated on 24 February 2020, is a software and application development consultancy, focusing on digital transformation. The rationale for the acquisition is to secure and enhance the Company's ability to deliver innovative software-based solutions leveraging Catenae's existing capabilities including task management, proof of work, digital wallets, identity and digital certification capabilities, allowing Catenae to provide a broader portfolio of product and service offerings to support customers as they pursue new ways of working with people located remotely in distributed operations. The Cash Consideration will be satisfied from Catenae's existing cash resources. The Equity Consideration was due to be satisfied by the issue of new ordinary shares on or around 28 February 2022 at the volume weighted average price of the Company's shares during the previous 10 trading days.

On 9 May 2022, Mr Alan Simpson and Mr Anthony Sanders issued legal proceedings against the Company in the High Court. The claimed sum was £49,875.00 (plus interest) along with specific performance of various clauses of a Share Purchase Agreement and a Shareholders Agreement both dated 1 May 2022. Those relate to the issue of the £50,000 shares consideration and the payment of two amounts of £20,000 relating to working capital. The action is being defended by the Company which has brought a counterclaim for breach of restrictive covenants and fiduciary duty. No date is currently set for trial but the Claimants have issued a Summary Judgment application which is yet to be listed by the Court.

14. Investments in subsidiaries

<u>Company</u>

	Investments	Total
	£	£
Cost		
At 1 October 2020	-	-
Additions	320,000	320,000
At 30 September 2021 and 31 December 2022	**320,000** -	**320,000 10**
Impairment		
At 1 October 2020	-	-
Additions	320,000	320,000
At 30 September and 31 December 2022	**320,000**	**320,000**
Carrying amount		
As at 30 September 2021 and 31 December 2022	-	-

The value of shares in investments are tested annually for impairment.

Subsidiaries as at 31 Dec 2022	Registered Address	Class of Shares	Total Number of Shares in issue at 31 Dec 2022	Percentage held by Catenae
Synovate Global Ltd	35 New Broad Street, London, EC2M 1NH	Ordinary Shares of 0.1p	1	100%
Hyperneph Software Ltd	1007 London Road, Leigh-On-Sea SS9 3JY	Ordinary Shares of 0.1p	2000	51%

Synovate Global Ltd was dissolved on 7 June 2022.

15. Trade and other receivables

<u>Group</u>

	31 December 2022	30 September 2021
	£	£
Trade receivables	65,234	11,010
Other receivables	16,679	34,226
	81,913	**45,236**

Trade receivable days at the period-end were 154 days (2021: 133 days). No interest is charged on receivables within the agreed credit terms. Thereafter, interest may be charged.

An allowance for impairment is made where there is an identified event which, based on previous experience, is evidence of a reduction in the recoverability of the outstanding amount. The Group provides, in full, for any debts it believes have become non- recoverable. The figures shown above are after deducting in full, for any debts it believes have become non-recoverable. The figures shown above are after deducting specific provision for bad and doubtful debts of £nil (2021: £nil). No amounts included within trade and other receivables are expected to be recovered in more than one year (2021: £nil).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable set out above. The carrying value at the period-end for each class of assets is deemed by the Directors to be the same as the fair value.

The ageing of trade receivables that have not been impaired are:

	31 December 2022 £	30 September 2021 £
Due in less than 1 month	56,940	-
Due after more than 1 month	8,294	11,010
	65,234	11,010
	-	-

Company

	31 December 2022 £	30 September 2021 £
Trade receivables	61,734	11,010
Other receivables	13,011	34,226
	74,745	**45,236**

16. Trade and other payables

Group

	31 December 2022 £	30 September 2021 £
Trade payables	42,783	86,193
Other payables	107,901	122,482
Taxation and social security	11,464	23,701
Accruals and contract liabilities	116,938	42,845
	279,086	**275,221**

Included in accruals and deferred income are amounts of £64,250 (2021: £6,500) relating to unpaid contingent remuneration to the Directors in office at the period-end. This has been accrued in accordance with the payments agreed between the Group and Directors.

Included in contract liabilities there is £3,125 (2021: £12,000), which relates to the residual proportion of annual fees remaining at the period-end.

Company

	31 December 2022 £	30 September 2021 £
Trade payables	42,182	83,492
Other payables	144,473	105,102
Taxation and social security	6,097	1,470
Accruals and contract liabilities	115,756 -	36,595
	308,508	**226,659**

Included in accruals and deferred income are amounts of £64,250 (2021: £6,500) relating to unpaid contingent remuneration to the Directors in office at the period-end. This has been accrued in accordance with the payments agreed between the Company and Directors.

Included in contract liabilities there is £3,125 (2021: £6,250), which relates to the residual proportion of annual fees remaining at the period-end.

17. Interest bearing loans and borrowings

Group and Company

	31 December 2022 £	30 September 2021 £
Loans due within one period	-	-
Loans due after one period	-	-
	-	**-**

The loan of £18,000 was a Bounce Back Loan and was due to be repaid over 6 years with interest at 2.5% per year, with the repayments and interest commencing 1 year after draw down. However, the loan was repaid in full in May 2021 without any interest accruing.

18. Financial instruments and risk management

Financial risk factors

The Group's financial instruments comprise cash, including short-term deposits, trade and other receivables, short-term loan financing and trade and other payables that arise directly from its operations. The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The Board has reviewed and agreed policies for managing each of these risks and they are summarised below. The Group has no financial assets other than trade receivables and cash at bank. The statement of financial position values for the financial assets and liabilities are not materially different from their fair values.

Liquidity risk

The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Group policy is to ensure there are sufficient cash reserves to meet liabilities during such periods. These are incorporated into rolling twelve-month Group cash flow forecasts, which are reviewed by the Board monthly.

Short-term flexibility is provided through the availability of cash facilities. Long-term funding is secured through issues of share capital and loans.

Credit risk

The Group's principal financial assets are bank balances, cash and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. As far as possible, the Group operates to ensure that the payment terms of customers are matched to the Group's own contractual obligations on development.

Currency risk

The Group does not operate in overseas markets and is not subject to exposures on transactions undertaken during the period. The Group's exposure to exchange rate fluctuations is therefore not significant.

Capital risk management

The capital structure of the Group consists of a loan and the shareholders' equity, comprising issued share capital and reserves. The capital structure of the Group is reviewed on an on-going basis with reference to the costs applicable to each element of capital, future requirements of the Group, flexibility of capital to be drawn down and availability of further capital should it be required.

The Group had no loan liabilities at the period-end (2021: £nil).

18. Financial instruments and risk management (continued)

Liability maturity analysis

Group

2022	**Repayable on demand or within 1 month**	**Between 1 month and 6 months**	**Between 6 months and 1 year**
	£	**£**	**£**
Trade creditors	42,783	-	-
Other creditors	-	-	119,365

2021	**Repayable on demand or within 1 month**	**Between 1 month and 6 months**	**Between 6 months and 1 year**
	£	**£**	**£**
Trade creditors	86,193	-	-
Other creditors	-	-	146,183

Company

2022	**Repayable on demand or within 1 month**	**Between 1 month and 6 months**	**Between 6 months and 1 year**
	£	**£**	**£**
Trade creditors	42,182	-	-

Other creditors	-	-	150,570

2021	Repayable on demand or within 1 month	Between 1 month and 6 months	Between 6 months and 1 year
	£	£	£
Trade creditors	83,492	-	-
Other creditors	-	-	106,572

Interest rate and liquidity risk

The Group's financial liabilities represented trade and other payables at the period-end. No interest was payable on the balances outstanding as at the period end. The Group's working capital commitments are reviewed on an on-going basis with reference to the dates when liabilities are to be repaid.

19. Share capital

	31 December 2022	30 September 2021
	£	£
Allotted, called up and fully paid		
285,038,925 (2021: 281,220,744) ordinary shares of 0.2p (2020: 0.2p) each	570,078	562,441
	570,078	**562,441**

.

On 23 December 2019 the 3,223,601,700 ordinary shares of 0.1p each were subdivided into 32,236,017 ordinary shares of 0.2p each and 32,236,017 deferred shares of 9.8p each.

The aggregate nominal value of the deferred shares is £3,159,130.

On 25 January 2022 the Company issued 3,818,181 ordinary shares of 0.2p each for consideration of £15,273 in relation to the exercise of warrants.

20. Share warrants

At 31 December 2022, the Company had the following equity settled warrants in issue (the number of warrants and exercise prices have been adjusted for the reorganisation of the Company's shares into ordinary and deferred shares during a prior period):

	Date warrant granted	Number of warrants outstanding as at 1 Oct 2021	Warrants granted during the period	Shares forfeited / expired / waived / exercised during the period	Warrants outstanding as at 31 Dec 2022	Exercise price
Brian Thompson	31/01/2020	26,931,818	-	(26,931,818)	-	0.4p
Anthony Daltrey	31/01/2020	5,000,000	-	(5,000,000)	-	0.4p
Misc. Warrants	05/03/2019	5,750,000	-	(5,750,000)	-	12.5p
	31/01/2020	4,363,637	-	(4,363,637)	-	0.4p
	20/04/2020	1,000,000	-	(1,000,000)	-	1.25p
	27/01/2021	22,477,240	-	-	22,477,240	3p
	03/02/2021	2,500,000	-	-	2,500,000	2p

03/02/2021	2,500,000	-	-	2,500,000	2p
08/04/2021	2,000,000	-	-	2,000,000	2.5p
	70,022,695	-	(43,045,455)	26,977,240	

There were no warrants issued in the period 1 October 2021 to 31 December 2022.

The fair value of the share warrants issued as share based payments was estimated at the date of grant using the Monte-Carlo model for those with the performance conditions and the Black Scholes model for those without performance conditions, taking into account the terms and conditions upon which they were granted. The following tables list the inputs to the model used for the valuations of share warrants outstanding relating to share based payments.

Grant Date	3/2/2021
Final Date	3/2/2024
Exercise Price	2p
Share Price	2p
Expected Volatility	25%
Expected Dividend Yield	n/a
Risk Free Rate	0.6%
Average Time to Vest	immediate

21. Capital commitments

There were no capital commitments as of 31 December 2022 or 30 September 2021.

22. Share-based payment

On 13 December 2012, the Company granted to various individuals options over a total of 7,695,000 ordinary shares of 0.1p each at a price of 1.5 pence per share as disclosed in the announcement dated 14 December 2012. Half of the options vest once the closing mid- market share price of the Company has been more than or equal to 2 pence for a period of 15 consecutive business days. The remainder vest once the closing mid-market share price of the Company has been more than or equal to 3 pence for a period of 15 consecutive days. The options are exercisable on or following the first anniversary of the date of issue and will lapse on the tenth anniversary of the date of issue. Options issued to employees under the EMI scheme lapse on cessation of employment. Since the issue date all options have lapsed.

On 27 March 2015, the Company granted to the Directors and other individuals options over a total of 85,787,000 ordinary shares of 0.1p each at a price of 1 penny per share as disclosed in the announcement dated 22 December 2014. Half of the options vest once the closing mid-market share price of the Company has been more than or equal to 2 pence for a period of 15 consecutive business days. The remainder vest once the closing mid- market share price of the Company has been more than or equal to 3 pence for a period of 15 consecutive days. The options are exercisable on or following the first anniversary of the date of issue and will lapse on the tenth anniversary of the date of issue. Options issued to non-Director employees under the EMI scheme lapse on cessation of employment. Since the issue date the options have lapsed, other than those shown in the table below.

On 23 August 2016, the Company granted to the Directors and other individuals options over a total of 78,260,782 ordinary shares of 0.1p each at a price of 0.1 pence per share as disclosed in the announcement dated 23 August 2016. The options will lapse on the tenth anniversary of the date of issue. On 23 August 2016, the Company also granted to a Director options over a total of 3,333,334 ordinary shares of 0.1p each, half of the options at a price of 1.25 pence per share and the remainder at 1.75 pence per share. The options vest once the closing mid-market share price of the Company has been more than 2.5 pence for a period of 5 consecutive business days. Since the issue date all options have lapsed.

In a prior period the Company re-organised its share capital as disclosed in Note 19. The above number of share options needs to be divided by 100 and the above exercise prices multiplied by 100.

Details of the Options movements in the period are as follows:

	Options held at 1 October 2021	Number of new options granted in the period	Number of options forfeited in the period	Options held at 30 September 2022	Option price
Tony Sanders	66,666	-	-	66,666	10p
Kevin Everett	77,778	-	-	77,778	10p
Others	20,000	-	(20,000)	-	150p
Total	**164,444**	**-**	**(20,000)**	**144,444**	

22. Share-based payment (continued)

At 31 December 2022, no options were exercisable due to the mid-market share price of the Company in the period (30 September 2021: nil). At this date, the weighted average contractual life of the outstanding options was 2.25 years (30 September 2021: 0.1 years).

There were no share options exercised or granted during the period 1 October 2021 to 31 December 2022 (2021: nil).

The fair value of the share options was estimated at the date of the grant using either the Monte-Carlo model (where market conditions existed) or the Black-Scholes model, taking into account the terms and conditions upon which they were granted.

The following table lists the inputs to the model used for the valuations of share options outstanding:

Options granted on 27 March 2015 expire 27 March 2025		
Exercise price (pence)	1p	1p
Share price (pence)	0.65p	0.65p
Expected volatility (%)	85%	85%
Expected dividend yield	n/a	n/a
Risk free rate	0.41%	0.49%
Average time to vest (years)	2 years	2.3 years

The expected volatility was based on historic volatility and reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other features of the options were incorporated into the measurement of fair value, and non-market conditions have not been included in calculating the fair value. The total fair value of the options granted in the period was £nil (2021: £nil). The amount debited to the statement of comprehensive income for share options was £nil (2021: £nil). The combined total fair value of the options and warrants granted in the period was £nil (2021: £nil) and the combined amount debited to the statement of comprehensive income was £nil (2021: £nil).

23. Transactions with Directors and other related parties

Other transactions with Directors

As stated in note 16 to the accounts a total of £64,250 (2021: £6,500) is due to certain Directors as unpaid remuneration.

Related Party relationship	**Transaction amount**		**Payments (to) / from related parties**		**Balance owing / owed**	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	£	**£**	**£**	**£**	**£**	**£**
Sales/(Purchases) from companies in which Directors or their immediate family have a significant controlling interest	18,058	17,800	18,058	17,800	-	-
Amounts lent to the Group by the Directors or companies in which Directors or their immediate family have a significant controlling interest	-	-	-	-	-	-
Amounts lent to joint venture companies	-	-	-	-	-	-

All amounts owing to related parties are payable on demand with no interest accruing.

24. Retirement benefit schemes

During the period, £3,643 was paid to a retirement benefit scheme on behalf of Directors (2021: £1,207).

25. Operating lease rental commitments

At 31 December 2022 and 30 September 2021, the Group had no commitments under operating leases.

26. Notes supporting the cash flow statement

Cash and cash equivalents for the purposes of the cash flow statement comprises:

	31 December 2022 £	30 September 2021 £
Cash available on demand	65,443	605,082
	65,443	**605,082**

27. Events after the reporting period

There were no significant events after 31 December 2022.

Independent Auditor Report**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CATENAE INNOVATION PLC**

Opinion

We have audited the financial statements of Catenae Innovation Plc for the period ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, Company Statement of Financial Position, Company Statement of Changes in Equity, Company Statement of Cash Flows and the related notes, 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, and as regards to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group and company's affairs as at 31 December 2022 and of the group's loss for the period then ended;
- the group and company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to note 1 in the financial statements, which indicates that the group is loss making and has net liabilities. As stated in note 1, these events or conditions, along with the other matters as set forth in note1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

- Reviewing the cash flow forecasts prepared by management for the period up to March 2024, providing challenge to key assumptions and reviewing for reasonableness;
- A comparison of actual results for the period to past budgets to assess the forecasting ability/accuracy of management;
- Reviewing post-period end RNS announcements and held discussions with management on expenditure plans; and
- Assessing the adequacy of going concern disclosures within the financial statements.

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

Key audit matters

We identified the key audit matters described below as that which were the most significant in the audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team.

In addressing this matter, we have performed the procedures below which were designed to address the matter in the context of the financial statements as a whole and in forming our opinion thereon. Consequently, we do not provide a separate opinion on this individual matter.

Key audit matter & description of risk	How the matter was addressed in the audit and key observations arising with respect to that risk
<u>Going concern</u> The company has used going concern basis of preparation in its accounting policies. However, there is significant judgement required as to whether the company can continue to operate as a going concern.	We evaluated management's assessment about going concern and challenged the judgement made by management, as described in note 1. As part of our procedures we: • Reviewed the company's environment, controls and management's assessment of the company's ability to continue as a going concern • reviewed the cashflow forecasts and assumptions made and the data sources Based on our procedures we concluded that the going concern basis of preparation is appropriate, subject to an emphasis of matter. (See also Conclusions relating to going concern above)
<u>Dispute involving subsidiary</u> The parent company has acquired Hyperneph Software Limited in the prior period and is in dispute with the sellers. There is a risk that the dispute may not have been correctly accounted for or disclosed.	Our work in this area included but was not limited to: • Reviewing the sale and purchase agreement for investments purchased during the prior period; • Reviewing the legal case documentation and correspondence and considering whether any provisions or contingent liabilities are required and whether the nature and financial effect has been adequately disclosed.

Materiality

The materiality for the financial statements as a whole was set at £16,675. This has been determined with reference to the benchmark of the group's gross expenses, which we consider to be an appropriate measure based on the activities of the group during the period. Materiality represents 2.5% of total expenditure as presented on the face of the Statement of comprehensive income.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we were able to give our audit opinion on the financial statements of Catenae Innovation Plc taking into account the nature of the company's activities, the company's risk profile, the accounting processes and controls, and the environment in which the company operates.

We designed our audit to ensure that we obtain sufficient and appropriate audit evidence in respect of:

- The significant transactions and balances;
- Other items, which, irrespective of size, are perceived as carrying a significant level of audit risk whether through susceptibility to fraud, or other reasons;
- The appropriateness of the going concern assumption used in the preparation of the financial statements.

Other information

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

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns;

  or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

We also obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and the application of cumulative audit knowledge and experience of the sector.

- We determined the principal laws and regulations relevant to the group and company in this regard to be those arising from:

o AIM rules;

o Companies Act 2006;

o Employment Law;

o Anti-Bribery Money Laundering Regulations; and

o QCA compliance

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and company with those laws and regulations. These procedures included, but were not limited to:

  o review of legal and professional fees to understand the nature of the costs and the existence of any noncompliance with laws and regulations;

  o discussion with management regarding potential non-compliance; and

  o review of minutes of meetings of those charged with governance and RNS

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, the potential for management bias was identified in relation to the going concern of the group and company and as noted above, we addressed this by challenging the assumptions and judgements made by management when auditing that significant accounting estimate.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business

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

Mohammed Haque

Senior Statutory Auditor

For and on behalf of

MAH, Chartered Accountants

Statutory Auditors

154 Bishopsgate

London

EC2M 4LN

Date: 29 March 2023

END

FR URSSROKUOOAR