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Advancedadvt Limited
28 July 2023

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28 July 2023

AdvancedAdvT Limited

(the "Company")

Audited results for the year ended 30 June 2023

AdvancedAdvT Limited (LSE: ADVT) announces that it has published its audited results for the financial year ended 30 June 2023.

Highlights

- Agreement to acquire five software businesses from Capita plc for a combined enterprise value of approximately £33m in cash
- Strong position to execute on strategy given the opportunities in current economic climate
- Net assets of £123.2m as at 30 June 2023 (£121.6m at 30 June 2022)
- Unaudited Net Asset Value (NAV) of 92.9[1] pence per share (91.3p 30 June 2022)
- Cash of £104.7m at 30 June 2023 (£104.2m at 30 June 2022)
- Reported £1.43m profit for the year. Interest income from cash deposits offset operating costs, project costs and fair value changes of financial assets

Chairperson's Report

Acquisition of Capita businesses

I am pleased to report that on the 8 June 2023 the Group conditionally agreed to acquire five software businesses from Capita plc for a combined enterprise value of approximately £33m in cash. This is an important step towards delivering our objective of completing business combinations and generating attractive long-term returns for shareholders.

The acquired businesses include:

- CIBS - Financial and Business Solutions for public and private sectors
- CHKS and Synaptic - Governance Risk and Compliance (GRC) for the Healthcare and Financial Services sectors
- Retain/WFM - Global Professional Services and Workforce Automation Software for Private and Public Sectors

These businesses will provide us with a solid foundation and platform with an opportunity to build through a combination of organic and acquisitive growth.

The acquisitions were subject to and conditional upon National Security and Investment Act approval received on 25 July 2023. More information following in due course.

Strategic approach

Despite facing a wide range of macroeconomic challenges, our commitment to a disciplined approach remains unwavering. The consistent adoption of digital technologies has been impressive, as consumers, businesses, and governments navigate through increasing economic and geopolitical uncertainties. Throughout these uncertainties, technology continues to play a pivotal role in enhancing business resilience, efficiency, and decision-making. The importance of digital solutions in delivering productivity and gaining a competitive edge remains as crucial as ever.

Our strategy revolves around evaluating high-quality businesses in our pipeline based on a set of key characteristics. These characteristics align with our vision and enable businesses to consistently generate long-term value. We seek businesses with highly predictable revenue streams, strong customer retention, products or services that possess high barriers to entry, extensive growth opportunities, significant free cash flow generation, and well-run establishments in fragmented industries with consolidation potential. The reported acquisitions embody all these characteristics.

It is our intention to actively seek synergistic investment opportunities in businesses that are well-positioned to benefit from the ongoing structural changes resulting from the rapid digitalisation and the prevailing macroeconomic environment.

We will support the teams of the businesses we acquire to deliver strong organic growth - both in existing sectors as well as new areas including data, analytics, managed service and digital transformation opportunities.

M&C Saatchi plc ("M&C")

In early 2022 we identified an opportunity to invest in an area which has the potential to deliver significant digital related growth and opportunity. We purchased 9.82% of the share capital of M&C and followed up with an offer to acquire the remainder of M&C. Despite some shareholder support, we did not receive sufficient acceptances and our offer lapsed.

As a significant shareholder, we will continue to assess all potential value creation opportunities for M&C. We are pleased with the appointment of Zillah Byng-Thorne as non-executive Chair (recently appointed Executive Chair) and Chris Sweetland as a non-executive director as we continue to support them in the value creation opportunities that exist across that business.

Outlook

Given the significant macroeconomic uncertainty and disruption, we firmly believe that this environment will present numerous opportunities to leverage the reported acquisitions success with both organic and acquisitive growth. We will remain vigilant in identifying and seizing the right investment opportunities, allowing us to further strengthen our market position and generate sustainable value in the long run.

With our substantial war chest and our disciplined approach, we are well placed to execute M&A that is both synergistic and accretive over the longer term.

We will continue to actively pursue discussions on potential target businesses that align with our strategic vision and leverage the value of announced acquisitions. With a proactive approach, resources and expanded capabilities, we aim to leverage the changing landscape to deliver enhanced value and drive continued growth.

Finally, I would like to take this opportunity to thank all my fellow shareholders for their continued support over this financial year.

Vin Murria OBE
Chairperson

[1]NAV per share estimated using 10 day VWAP price of 156p for the M&C Saatchi shares held as a Financial asset at fair value through profit or loss

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A copy of the Annual Financial Report will shortly be available on both the 'Shareholder Documents' page of the Company's website at www.advancedadvt.com and https://data.fca.org.uk/#/nsm/nationalstoragemechanism

Strategy

The Company was formed to seek and identify situations where a merger of management expertise, improving operating performance, freeing up cashflow for investment and implementation of a focused investment and M&A strategy can unlock growth in their core markets and often into new territories and adjacent sectors.

The Company's objective is to generate attractive long-term returns for shareholders and to enhance value by supporting sustainable growth, acquisitions and performance improvements within the acquired companies.

There has been significant transformative impact of digital technologies over the past quarter of a century. Across all sectors, businesses have increasingly embraced digitalisation to optimise their processes, operations, and engagement. Implementing these technologies has become essential for driving cost efficiencies, generating returns on investments, and gaining a competitive edge in the digital landscape. It is worth noting that sectors and businesses with the highest level of digitalisation have experienced significant productivity growth.

While the potential of digitalisation has been recognised, the adoption of new digital strategies by businesses and consumers was, until recently, somewhat limited by various barriers, including companies' willingness to invest in and embrace these technologies. However, the global restrictions imposed by the Covid-19 pandemic have shattered these barriers and compelled businesses to become more agile, resulting in a remarkable acceleration of digitalisation. Despite cost-cutting measures implemented due to the pandemic, organisations have increased their spending on digital transformation as they rapidly adapt their business models.

We firmly believe that the current macroeconomic environment presents substantial investment opportunities in companies well-positioned to harness the structural changes arising from this unprecedented acceleration of digitalisation. These changes have profoundly impacted the way people live, work, and consume, as well as how businesses operate, engage with customers, and conduct sales. Consequently, businesses offering digital solutions, software, and services that enable and support digitalisation are expected to experience sustained demand for their products.

In line with this strategy, we announced our proposed acquisition of five software and services businesses. This acquisition will create an initial platform on which we can build both organically and through further acquisitions. It will provide us with a strong foundation to capitalise on the growing digitalisation trends and expand our presence in the market.

However, it is important to note that there will likely be significant competition for the acquisition of further opportunities we explore. This competition may originate from strategic buyers, sovereign wealth funds, special purpose acquisition companies, and public and private investment funds. Many of these competitors have established themselves with extensive experience in identifying and completing acquisitions and possess greater technical, financial, and human resources compared to our company. As a result, we may incur costs, such as due diligence and financing, for an acquisition or investment opportunity that we may not be able to successfully conclude.

Our management team boasts substantial experience in the software and services sector, having invested in and operated a range of high-performing businesses. We have successfully driven operational excellence within these enterprises, leading to organic growth. Moreover, we have a proven track record of targeted and accretive mergers and acquisitions in the software sector, having completed more than 85 bolt-on acquisitions. This expertise, combined with our proposed acquisition, positions us well to build a robust platform for future growth, both organically and through strategic acquisitions, in the rapidly evolving digital landscape.

Activity and Share Capital

In respect to the offer made for M&C, on 8 September 2022, the Company published an acceleration statement in accordance with Rule 31.5 of the Takeover Code and on 30 September 2022, the Company did not receive sufficient acceptances to reach the 90% acceptance condition, and the Final Offer lapsed.

On the 8 June the company conditionally agreed to acquire the entire issued and outstanding share capital of five software businesses from Capita plc for a combined enterprise value of approximately £33 million in cash.

software businesses from Capita plc for a combined enterprise value of approximately £[illegible] million in cash.

In the year ended 31 December 2022, the acquisitions generated a total revenue of approximately £35 million, with approximately 74% of the revenue being recurring or from Software-as-a-Service (SaaS).

The transaction will be funded by the Company's cash reserves.

The acquired businesses include:
- CIBS - Financial and Business Solutions for public and private sectors
- CHKS and Synaptic - Governance Risk and Compliance (GRC) for the Healthcare and Financial Services sectors
- Retain/WFM - Global Professional Services and Workforce Automation Software for Private and Public Sectors

The acquisitions are subject to and conditional upon National Security and Investment Act approval.

Financial Performance

The Company's profit after taxation for the year to 30 June 2023 was £1,432,008 (2022: loss £7,715,383). The Company incurred administrative expenses, largely in respect of the two main projects within the year relating to the M&C Saatchi plc offer and acquisitions from Capita plc, during the year of £432,021 (2022: £2,750,468), other losses related to the fair value adjustment of our investment in M&C Saatchi plc of £960,000 (2022: £4,800,000l), dividends receivable from M&C Saatchi plc of £180,000 (2022: £nil), received interest of £3,217,537 (2022: £346,917) and at 30 June 2023 held a cash balance of £104,696,281 (2022: £104,169,997). After deducting costs accrued in respect of operating and transaction-related expenses, the net asset position was £123,185,690 (2022: £121,657,829), resulting in a Net Asset Value per share (NAV) of 92.9pence (2022: 91.3pence).

Dividend Policy

It is the Board's policy that prior to an acquisition, no dividends will be paid. The Company has not yet acquired a trading operation and we therefore consider it inappropriate to make a forecast of the likelihood of any future dividends. Following an acquisition, and subject to the availability of distributable reserves, dividends will be paid to shareholders when the Directors believe it is appropriate and commercially prudent to do so.

Statement of Going Concern

The directors believe that the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future. The Company had cash resources of £104,696,281 at 30 June 2023 and net assets of £123,185,690. We have considered the financial position of the Company and have reviewed forecasts and budgets for a period of at least 12 months following the approval of the Financial Statements.

Subject to the structure of any potential transaction the Company may need to raise additional funds for the acquisition in the form of equity and/or debt, which has not been factored into our going concern assessment as this will be dependent on the size and nature of the acquisitions.

Furthermore, we have considered the expected impact of the Covid-19 pandemic, Ukraine conflict and global financial markets on the Company's forecast cashflows and liabilities, concluding that prior to completing a transaction, the market challenges have no material impact on the Company due to the nature of its operations. As a result, we have concluded that, at the date of approval of the Financial Statements, the Company has sufficient resources for the foreseeable future and can continue to execute its stated strategy. Accordingly, it is appropriate to adopt the going concern basis in the preparation of the Financial Statements.

Corporate Governance

As a company with a Standard Listing, the Company is not required to comply with the provisions of the UK Corporate Governance Code. Nevertheless, the Board is committed to maintaining high standards of corporate governance and will consider whether to voluntarily adopt and comply with the UK Corporate Governance Code as part of any acquisition, taking into account the Company's size and status at that time.

The Company currently complies with the following principles of the UK Corporate Governance Code:

- The Company is led by an effective and entrepreneurial Board, whose role is to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society.
- The Board ensures that it has the policies, processes, internal control framework, information, time and resources it needs to function effectively and efficiently.
- The Board ensures that the necessary resources are in place for the company to meet its objectives and measure performance against them.

Given the size and nature of the Company, the Board has not established any committees and intends to make decisions as a whole. If the need should arise in the future, for example following any acquisition, the Board may set up committees as appropriate.

Consolidated Statement of Comprehensive Income

	Year ended 30 June 2023 Audited £	Year ended 30 June 2022 Audited £
Administrative expenses	**(1,005,529)**	(3,262,300)
Other losses	**(960,000)**	(4,800,000)
Operating loss	**(1,965,529)**	(8,062,300)
Finance Income	**3,397,537**	346,917
Profit/ (Loss) before income taxes	**1,432,008**	(7,715,383)
Income tax	**-**	-
Profit/ (Loss) for the year	**1,432,008**	(7,715,383)

Total comprehensive Profit/ (Loss) for the year

Total comprehensive Profit/ (Loss) for the year attributable to owners of the parent	**1,432,008**	(7,715,383)
Profit/ (Loss) per ordinary share (£)		
Basic	**0.01**	(0.06)
Diluted	**0.01**	(0.06)

The Company's activities derive from continuing operations.

Consolidated Statement of Financial Position

	As at 30 June 2023 £	As at 30 June 2022 £
Non-current assets		
Financial asset at fair value through profit or loss	**18,240,000**	19,200,000
	18,240,000	19,200,000
Current assets		
Trade and other receivables	**1,010,423**	101,485
Cash and cash equivalents	**104,696,281**	104,169,997
Total current assets	**105,706,704**	104,271,482
Total assets	**123,946,704**	123,471,482
Equity and liabilities		
Equity		
Sponsor share	2	2
Ordinary shares	**131,166,131**	131,166,131
Warrant reserve	**98,000**	98,000
Warrant cancellation reserve	**350,000**	350,000
Share-based payment reserve	**400,957**	305,104
Accumulated losses	**(8,829,400)**	(10,261,408)
Total equity	**123,185,690**	121,657,829
Current liabilities		
Trade and other payables	**761,014**	1,813,653
Total liabilities	**761,014**	1,813,653
Total equity and liabilities	**123,946,704**	123,471,482

Consolidated Statement of Changes in Equity

	Sponsor share £	Ordinary shares £	Class A shares £	Warrant reserves £	***Warrant Cancellation Reserve £***	Share based payment reserve £	Accumulated losses £	Total equity £
Balance as at 31 July 2020	-	-	-	-	-	-	-	-
Issuance of 1 ordinary share	-	1	-	-	-	-	-	**1**
Redesignation of 1 ordinary share	1	(1)	-	-	-	-	-	-
Issuance of 700,000 ordinary shares and matching warrants	-	602,000	-	98,000	-	-	-	**700,000**
Share issue costs	-	(275,300)	-	-	-	-	-	**(275,300)**
Issuance of 2,500,000 Class A shares and matching warrants	-	-	2,150,000	350,000	-	-	-	**2,500,000**
Conversion of 2,500,000 Class A shares	-	2,150,000	(2,150,000)	(350,000)	350,000	-	-	-
Issuance of 130,000,000 ordinary shares	-	130,000,000	-	-	-	-	-	**130,000,000**
Share issue costs	-	(1,310,569)	-	-	-	-	-	**(1,310,569)**
Issuance of 1 sponsor share	1	-	-	-	-	-	-	**1**
Total comprehensive loss for the	-	-	-	-	-	-	(2,546,025)	**(2,546,025)**

loss for the period								
Share-based payment expense	-	-	-	-	-	209,250	-	**209,250**
Balance as at 30 June 2021	**2**	**131,166,131**	**-**	**98,000**	**350,000**	**209,250**	**(2,546,025)**	**129,277,358**
Total comprehensive loss for the year	-	-	-	-	-	-	(7,715,383)	**(7,715,383)**
Share-based payment expense	-	-	-	-	-	95,854	-	**95,854**
Balance as at 30 June 2022	**2**	**131,166,131**	**-**	**98,000**	**350,000**	**305,104**	**(10,261,408)**	**121,657,829**
Total comprehensive profit for the year	-	-	-	-	-	-	1,432,008	**1,432,008**
Share-based payment expense	-	-	-	-	-	95,853	-	**95,853**
Balance as at 30 June 2023	2	131,166,131	-	98,000	350,000	400,957	(8,829,400)	123,185,690

Consolidated Statement of Cash Flows

	For the year ended 30 June 2023 £	For the year ended 30 June 2022 £
Operating activities		
Profit/ (Loss) for the period	**1,432,008**	(7,715,383)
Adjustments to reconcile total operating loss to net cash flows:		
Deduct interest income	**(2,953,473)**	(281,430)
Fair Value adjustment on Financial Asset	**960,000**	4,800,000
Add back share based payment expense	**95,853**	95,854
Working capital adjustments:		
(Increase)/ Decrease in trade and other receivables and Prepayments	**(908,938)**	128,261
(Decrease)/Increase in trade and other payables	**(1,052,639)**	1,636,818
Net cash flows used in operating activities	**(2,427,189)**	(1,335,880)
Investing Activities		
Purchase of Financial Asset	-	(24,000,000)
Interest income	**2,953,473**	281,430
Net cash flows from/(used in) investing activities	**2,953,473**	(23,718,570)
Net increase/(decrease) in cash and cash equivalents	**526,284**	(25,054,450)
Cash and cash equivalents at the beginning of the year	**104,169,997**	129,224,447
Cash and cash equivalents at the end of the year	**104,696,281**	104,169,997

The Notes form an integral part of these Financial Statements.

Notes to the Consolidated Financial Statements

1. SEGMENT INFORMATION

The Board of Directors is the Company's chief operating decision-maker. As the Company has not yet commenced trading, the Board of Directors considers the Company as a whole for the purposes of assessing performance and allocating resources, and therefore the Company has one reportable operating segment.

2. ADMINISTRATIVE EXPENSES BY NATURE

Company administrative expenses by nature	For the year ended 30 June 2023 £	For the year ended 30 June 2022 £
Directors' fees	**223,734**	224,302
Professional fees	**155,256**	110,584
Non-recurring project costs	**432,021**	2,750,468
Listing fees	**52,248**	69,295
Share based payment expense	**95,853**	95,854
Branding and website cost	**39,966**	6,910
Travel and entertainment	**5,301**	3,654
Bank charges	**1,150**	1,233
	1,005,529	3,262,300

The Company's independent auditor, Baker Tilly Channel Islands Limited, has fees amounting to £18,070 for the final year end audit.

3. FINANCE INCOME

	For the year ended 30 June 2023 £	For the year ended 30 June 2022 £
Interest from cash and cash equivalents	3,217,537	346,917
Dividends from listed equity securities	180,000	-
	3,397,537	346,917

4. TAXATION

	For the year ended 30 June 2023 £	For the year ended 30 June 2022 £
Analysis of tax in year		
Current tax on profits for the year	-	-
Total current tax	-	-

The central management and control of the Company is exercised in the UK and accordingly the Company is treated as tax resident in the UK.

Reconciliation of effective rate and tax charge:

	For the year ended 30 June 2023 £	For the year ended 30 June 2022 £
Profit/ (Loss) on ordinary activities before tax	1,432,008	(7,715,383)
Expenses not deductible for tax purposes	1,059,623	4,896,942
Over allowance for the tax charge recognised in the prior year	-	252,708
Profit/ (Loss)on ordinary activities subject to corporation tax	2,491,631	(2,565,733)
Profit/ (Loss)on ordinary activities multiplied by the rate of corporation tax in the UK of 25% (2022: 19%)	622,908	(487,489)
Effects of:		
Losses (utilised)/ carried forward for which no deferred tax recognised	(622,908)	487,489
Total taxation charge	-	-

As at 30 June 2023, cumulative tax losses available to carry forward against future trading profits were £2,425,877 subject to agreement with HM Revenue & Customs. Prior to an acquisition, there is no certainty as to future profits and no deferred tax asset is recognised in relation to these carried forward losses.

UK companies can carry forward trading losses indefinitely and can be carried back 1 year (or in certain limited circumstances up to 3 years). Companies have 4 years from the end of the tax year in question to report losses, either on a tax return or in writing to HMRC.

5. PROFIT/(LOSS) PER ORDINARY SHARE

Basic EPS is calculated by dividing the profit or loss attributable to equity holders of a company by the weighted average number of ordinary shares in issue during the year. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company had previously issued 700,000 warrants, each of which is convertible into one ordinary share. The Company made a loss in the prior year, which would result in the warrants being anti-dilutive. Therefore, the warrants have not been included in the calculation of diluted earnings per share in the prior year.

	For the year ended 30 June 2023	For the year ended 30 June 2022
Profit/ (Loss) attributable to owners of the parent	1,432,008	(7,715,383)
Weighted average number of ordinary shares in issue	133,200,000	133,200,000
Weighted average number of ordinary shares for diluted EPS	133,200,000	133,200,000
Basic profit/ (loss) per ordinary share (£)	0.01	(0.06)
Diluted Profit per ordinary share (£)	0.01	-

6. INVESTMENTS

Principal subsidiary undertakings of the Company

The Company directly owns the whole of the issued ordinary share capital of its subsidiary undertaking. Details of the Company's subsidiary are presented below:

Subsidiary	Nature of business	Country of incorporation	Proportion of ordinary shares held by parent	Proportion of ordinary shares held by the Company
MAC I (BVI) Limited	Incentive vehicle	BVI	100%	100%

The registered office of MAC I (BVI) LimitedCommerce House, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands VG1110.

Details of the indirectly held subsidiaries are presented below:

Details of the indirectly held subsidiaries are presented below:

Subsidiary	Nature of business	Country of incorporation	Proportion of ordinary shares held by the Group
ADV Holding Group Limited	Holding company	England and Wales	100%
ADV Finance Holding Limited	Holding company	England and Wales	100%
ADV People Holding Limited	Holding company	England and Wales	100%
ADV US Inc.	Holding company	USA	100%
ADV Data Holding Limited	Holding company	England and Wales	100%

Financial assets of the Company

The Company directly owns equity investments for which the Company has not elected to recognise fair value gains and losses through Other Comprehensive Income.

	As at 30 June 2023	As at 30 June 2022
	£	£
Level 1 Financial assets at fair value through profit or loss (FVTPL)	18,240,000	19,200,000
	18,240,000	19,200,000

There were no transfers between levels for fair value measurements during the year. The Company's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

a) **Level 1**: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

b) **Level 2**: The fair value of financial instruments that are not traded in an active market (e.g. over-the counter derivatives) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

c) **Level 3**: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities. During the year, the following gains/(losses) were recognised in profit or loss:

	For year ended 30 June 2023	For year ended 30 June 2022
	£	£
Fair value (losses) on equity investments at FVTPL recognised in other (losses)	(960,000)	(4,800,000)
	(960,000)	(4,800,000)

7. CASH AND CASH EQUIVALENTS

	As at 30 June 2023	As at 30 June 2022
	£	£
Cash and cash equivalents		
Cash at bank	47,741,876	64,169,997
Deposits on call	56,954,405	40,000,000
	104,696,281	104,169,997

Credit risk is managed on a Company basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum short-term credit rating of P-1, as issued by Moody's, are accepted.

8. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Company has the following categories of financial instruments at the year end:

	As at 30 June 2023	As at 30 June 2022
	£	£
Financial assets measured at amortised cost		
Cash and cash equivalents	104,696,281	104,169,997
Other receivables	509,553	65,488
Financial assets at fair value through profit or loss (FVTPL)	18,240,000	19,200,000
	123,445,834	123,435,485
Financial liabilities measured at amortised cost		
Trade and other payables	761,014	1,813,653
	761,014	1,813,653

The Company has exposure to the following risks from its use of financial instruments:

- Market risk;
- Liquidity risk; and
- Credit risk

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Treasury activities are managed on a Company basis under policies and procedures approved and monitored by the Board. These are designed to reduce the financial risks faced by the Company which primarily relate to movements in interest rates.

Market risk
The Company's activities primarily expose it to the risk of changes in interest rates due to the significant cash balance held; however, any change in interest rates will not have a material effect on the Company. The Company's operations are predominately in GBP, its functional currency, and accordingly minimal translation exposures arise in receivables or payables.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company currently meets all liabilities from cash reserves and the Directors believe this risk is adequately mitigated.

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The main credit risk relates to the cash held with financial institutions. The Company manages its exposure to credit risk associated with its cash deposits by selecting counterparties with a high credit rating with which to carry out these transactions. The counterparty for these transactions is Barclays Bank plc, which holds a short-term credit rating of [P-1], as issued by Moody's. The Company's maximum exposure to credit risk is the carrying value of the cash on the Consolidated Statement of Financial Position reserves and the Directors believe this risk is adequately mitigated.

Capital management
The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. Capital includes stated capital and all other equity reserves attributable to the equity holders of the Company and totals £123.2million as at 30 June 2023 (2022: £121.7million). The Directors actively monitor this. There were no changes in the Company's approach to capital management during the year and the Company's capital management policy will be revisited once an Acquisition has been identified.

9. RELATED PARTY TRANSACTIONS

Antoinette Vanderpuije, the Company Secretary is a partner of MIMLLP. MIMLLP manages MVI II Holdings I LP which is beneficially owned by MVI II. MVI II Holdings I LP holds 15.41% of the Company's Ordinary Shares and 1 Sponsor Share.

Mark Brangstrup Watts and Antoinette Vanderpuije have a beneficial interest in the Incentive Shares as described in note 15 through their indirect interest in MLTI which owns 2,000 A2 ordinary shares in the capital of MAC I (BVI) Limited. Mark Brangstrup Watts was a Managing Partner of MIMLLP and Marwyn Capital LLP("**MCLLP**") until 6 November 2022.

Antoinette Vanderpuije is a partner MCLLP. MCLLP provides corporate finance, company secretarial and managed service support to the Company. The Company has incurred fees of £17,123 in respect of company secretarial and managed service support and £136,660 in respect to project related fees, of which £10,277 was outstanding at the balance sheet date. MCLLP was also engaged to provide corporate finance advice to the Company. On 18 March 2021, MCLLP and the Company entered into a side letter under which corporate finance services would be suspended, resulting in the fees being reduced from £10,000 per month to £nil effective on Admission in March 2021. During the year the Company paid £nil for corporate finance services to MCLLP and £nil was outstanding at the balance sheet date. MCLLP incurred costs of £8,634, which it recharged the Company during the year.

Directors' emoluments, in relation to Mark Brangstrup Watts, are disclosed in note 5.

10. COMMITMENTS AND CONTINGENT LIABILITIES

There were no commitments or contingent liabilities outstanding at 30 June 2023 that requires disclosure or adjustment in these Financial Statements.

11. POST BALANCE SHEET EVENTS

On the 8 June 2023 the Group conditionally agreed to acquire five software businesses from Capita plc for a combined enterprise value of approximately £33m in cash. The Acquisitions are subject to and conditional upon National Security and Investment Act approval which was duly received on 25 July 2023. At the date of signing these financial statements the company had not completed the acquisitions.]

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

END

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