

13 June 2024

ACUITY RM GROUP PLC
("Group" or the "Company")

Final results for the year ended 31 December 2023

Acuity RM Group plc (AIM: ACRM) is pleased to announce its final results for the year ended 31 December 2023

Highlights

- In the year the Company acquired the remaining shares in Acuity Risk Management Limited ("Acuity") that it did not already own
- Acuity is the award winning risk management cybersecurity software company that owns the STREAM® brand with applications in the growing GRC sector
- Post acquisition the focus has been to increase the pace of expansion of Acuity – the success of which has been evidenced by strengthening Key Performance Indicators (KPIs) as follows:
 - Sales pipeline has grown to £7.9m (£4.2m 2023) 88% growth
 - Orders won at annual contract value £1.6m (£1.1m 2023) 45% growth
 - Forward contracted revenues £2.9m (£2.2m 2023) 34% growth
 - Two largest contracts won
- Developing Partner programme with 15 active partners to accelerate growth in the US and other key markets
- Recruitment to strengthen Acuity's management team to enable fast growth
 - Finance and Technical directors
 - Sales and marketing executives
- On 12 June 2024 the Group had Cash balances of £787,110 and current debtors £353,845

Angus Forrest, Chief Executive commented on the results:

"This was a year of transformation for the Company. It acquired, Acuity, a software company which it knows and understands, having been an investor for the past two and a half years, during which it has grown consistently. We believe there are opportunities to accelerate that growth, the value of the business and shareholder value. Since acquisition this has been evidenced by the KPIs shown above."

For further information:

Acuity RM Group plc 020 3582 0566
Angus Forrest, Executive Chairman www.acuityrmgroup.com

WH Ireland (NOMAD & Joint Broker) <https://www.whirelandplc.com/capital-markets>
Mike Coe / Sarah Mather 020 7220 1666

Peterhouse Capital Limited (Joint Broker)
Lucy Williams / Duncan Vasey 020 7469 0936

Clear Capital Markets Limited (Joint Broker)
Bob Roberts 020 3869 6080

Chairman's Statement

I am pleased to present the results of Acuity RM Group plc ("Company" or "Group") for the period ended 31 December 2023.

2023 was a year of significant change for the Group in which it acquired the remaining shares in Acuity Risk Management Limited (Acuity RM), which it did not already own (previously a 25% shareholding). As a result of this transaction, the Group's status changed from an investing to a trading company which should offer benefits for Acuity RM's trading:

- the higher profile of a public company and as a plc similar to the majority of its customers; and
- easier access to finance and at a lower cost, as well as the opportunity to use its shares as a currency;

and for the Group's shareholders:

- trading companies are usually valued on a more attractive basis, a multiple of trading metrics, than investing companies whose valuation typically is a discount to net asset value.

A transaction such as the acquisition of Acuity RM takes up much management time and attention so is disruptive to the underlying business. I would like to thank Simon Marvell and Richard Mayall, founders and senior directors of Acuity RM, for their support.

In the second half of the year new management appointments were made to strengthen the team and provide additional resource to grow the business. Acuity RM won its two largest contracts ever and made significant progress in putting in the infrastructure to facilitate further and faster growth. This will require further investment in 2024 and 2025 to enable it to increase customer numbers and average order value which, in turn, should be reflected in a higher valuation for the business. More detail about Acuity RM and its progress are included in the Chief Executive's report.

The Group's results for the year ended 31 December 2023 reflect the acquisition of the share capital in Acuity RM not already owned by the Group. In 2022, the 25% stake in Acuity RM was shown as an investment, and for the year ended 2023 the results of Acuity RM have been consolidated from the date of acquisition, 25 April 2023.

Board changes

There have been several Board changes during the year. Simon Marvell who co-founded Acuity RM, joined the Group Board on the acquisition of Acuity RM and then retired on 27 June and resigned as a director. The Board would like to acknowledge his contribution to Acuity RM over many years. Even though Simon is now no longer involved in the day to day running of Acuity RM, he has remained as a consultant and non-executive board member of Acuity RM, so it continues to benefit from his knowledge and years of experience. Simon Bennett, who served as a director over three years, retired having overseen the acquisition and the Company's change from an investing to a trading company. The Board would like to thank Simon Marvell and Simon Bennett for their contributions and wishes them well for the future.

Kerry Chambers who had been Commercial Director of Acuity RM for two years stepped up to become Chief Executive of Acuity RM and a Group Board director on 3 July.

Outlook

Acuity RM operates in a large, high growth market with customers in the UK, North America and Germany as well as other territories and is successfully winning new contracts with key customers and forging relationships with partners to accelerate future growth. I would like to thank all shareholders for their continuing support and our advisers who made significant contributions to the major achievements in the year. I look forward to reporting further progress over the coming months.

Shareholders can stay informed by visiting the Group website www.Acuityrmgroup.com.

Chief Executive's Report

Overview

I am delighted to report on Acuity RM's performance for the period ended 31 December 2023, following its acquisition by Acuity RM Group plc. The names of both companies are now aligned with the underlying business. Reflecting on our achievements since assuming the role of CEO, Acuity RM, in July 2023, I am immensely proud of the strategic investments we have made to position our company for sustainable growth and success.

We are excited about the potential for growth in global markets. We already have proven success with high-profile private and public sector clients worldwide in highly regulated and targeted industries and are well positioned to expand on this.

Operating review

Acuity offers an award-winning risk management software platform called STREAM® used for enterprise risk and assurance management. Organisations use it to identify and manage key risks while ensuring compliance with regulations, standards, and contracts. STREAM® is configured to manage certain risks, it collates and analyses all data relating to each risk in real time and provides alerts and alarms for managers to take action when performance deviates from acceptable standards. Implementing STREAM® is quick and easy, with either preconfigured set-ups or custom set up. It enables strategic decision-making, prioritisation of resources and justification of expenditure. Acuity has proven success supporting customers worldwide in highly regulated industries.

The platform is sold in the Governance, Risk, and Compliance (GRC) market, where it ranks among the top GRC products in Gartner's Peer Insights. It scores highly in all categories and has 100% of peers recommending it. The GRC market was worth \$14.9bn in 2022 (MarketsandMarkets) and is growing strongly. It is driven by legislation, regulation and best practice.

In the second half of 2023 having identified the key areas for change and investment essential to improve our performance, maintain our technical prowess and grow our customers, orders and revenues, I initiated several changes including:

Technical – recruitment of a new Chief Technology Officer (CTO) who has reviewed our IT technologies and is preparing for a comprehensive software re-write to add new features and improve efficiencies whilst ensuring that the STREAM platform remains at the forefront of GRC technology and maintains the platform's functionality and configurability.

Sales and Marketing – there has been a recruitment campaign to increase internal sales and marketing capability as well as supporting and intensifying our partner programme, a cornerstone of our growth strategy. The focus is on growth: (1) upsell to existing customers, (2) new customers and higher value per contract. I am pleased to report that Acuity RM won its two largest orders in 2023 each valued at c. £500,000.

I believe these actions represent an important investment in our future, positioning us to capitalise on emerging opportunities and navigate evolving market dynamics.

Whilst we continue to demonstrate growth, revenues increased by 14% during the period 1 April 2023 to 31 December 2023 (on an annualised basis compared to the 12 months ended March 2023, Acuity RM's previous financial year end). I am delighted that the following Alternate Performance Indicators (APIs) for future performance demonstrate increasing strength:

	% increase	31 December 2023	31 March 2023
		£'000	£'000
Forward contracted revenue ¹	32%	2,900	2,200
Orders won at annual contract value ²	45%	1,600	1,100
Sales pipeline at annual contract value ³	88%	7,900	4,200

The change of year end in order to make both companies' years co-terminus resulted in a nine month period for Acuity RM.

¹Forward contracted revenue is deferred income per the balance sheet and forward contracted revenue. Forward contracted revenue is not an IFRS measure.

²Comparing the nine month period ended December 2023 with the same period in 2022. Orders at annual contract value is not an IFRS measure but is the basis for sales revenue.

³Sales leads are included in the sales pipeline using an industry standard sales qualification methodology. Sales pipeline is not an IFRS measure

We remain committed to innovation, growth, and delivering value to all our stakeholders. We are confident in our ability to seize opportunities, overcome challenges and drive sustainable growth.

I would like to welcome the employees who joined us during the year and acknowledge the contribution of every employee and others who we work with.

Information about the trading business and STREAM® is available on the Acuity RM website www.acuityrm.com.

Group statement of comprehensive income

for the year ended 31 December 2023

	Notes	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
<i>Continuing operations</i>			
Revenue	1	1,366	60
Cost of sales		(112)	
Gross profit		1,254	60
Administrative expenses	2 & 3	(2,167)	(316)
Operating (loss)		(913)	(256)
Finance Income	4	1	
Finance Expense	4	(20)	
Loss on Investments	5	(66)	(85)
Exceptional costs	6	(282)	
Share based payment expense	21	(61)	
Loss for the period before taxation		(1,341)	(341)
Taxation	8	—	-
Loss for the year from continuing operations		(1,341)	(341)
Other comprehensive income			
Total comprehensive income for the year attributable to shareholders of the parent company		(1,341)	(341)
Earnings per share			
Basic and diluted earnings per share from total and continuing operations	9	(1.39)p	(0.81)p

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Group statement of financial position

as at 31 December 2023

	Notes	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Non-current Assets			
Intangible assets	10	233	
Tangible assets	10	8	
Goodwill	11	5,154	
Investments at fair value through profit or loss	12	244	930
		5,639	930
Current assets			
Trade and other receivables	14	1,255	122
Cash and cash equivalents		100	22
		1,355	34
Total assets		6,994	1,274
LIABILITIES			
Current liabilities			
Trade & other payables	16	557	47
Deferred Income	17	1,016	
Loans & borrowings	17	165	
Total Current liabilities		1,738	47
Long term liabilities			
Deferred Income	18	1,014	
Loans & borrowings	18	154	
Total long term liabilities		1,168	
Total Liabilities		2,906	47
Net Assets		4,088	1,227
EQUITY			
Share capital	19	2,767	2,688
Share premium		12,447	8,388
Share based payment reserve	21	112	5
Merger reserve		1,012	1,012
Retained earnings		(12,250)	(10,909)
Total Equity		4,088	1,227

The consolidated financial statements were approved by the Board of Directors and authorised for issue on 12 June 2024.

Group statement of changes in equity

for the period ended 31 December 2023

	Share	Share	Share based payment	Merger	Retained	Total

	capital £'000	premium £'000	Reserve £'000	reserve £'000	earnings £'000	equity £'000
Balance at 1 January 2022	2,688	8,385	30	1,012	(10,568)	1,541
Loss for the year	-	-	-	-	(341)	(341)
Total comprehensive expense for the year	-	-	-	-	(341)	(341)
Transactions with owners in own capacity						
Issue of share options	-	-	21	-	-	21
Balance at 31 December 2022	2,688	8,385	51	1,012	(10,909)	1,227
Balance at 1 January 2023	2,688	8,385	51	1,012	(10,909)	1,227
Loss for the year	-	-	-	-	(1,341)	(1,341)
Other comprehensive income – issue of share warrants.	-	-	61	-	-	61
Total comprehensive expense for the year	-	-	61	-	(1,341)	(1,280)
Transactions with owners in own capacity						
Ordinary Shares issued in the period	78	4,375	-	-	-	4,453
Issue Shares for adviser fees	1	130	-	-	-	130
Share issue costs	-	(443)	-	-	-	(443)
Transactions with owners in own capacity	79	4,062	-	-	-	4,142
Balance at 31 December 2023	2,767	12,447	112	1,012	(12,250)	4,088

Group statement of cash flows

for the period ended 31 December 2023

	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Cash flows from operating activities		
Loss before taxation	(1,341)	(341)
Adjustments for:		
Depreciation & Amortisation	137	
Fair value adjustment for listed investments	61	85
Share based payments	61	21
(Increase) in trade and other receivables	(823)	(99)
Increase/(Decrease) in trade and other payables	898	(5)
Net cash outflow/inflow from operating activities	(1,007)	(339)
Cash flows from investing activities		
Purchase of tangible fixed assets	(3)	
Purchase of investments in subsidiaries, net of cash acquired	(500)	
Cash acquired on acquisition	331	
Net Cash flows used in investing activities	(172)	
Cash flows from financing activities		
Cash raised through issue of shares (net of transaction costs)	1,057	
Net cash flow from financing activity	1,057	
Net (decrease) in cash and cash equivalents	(122)	(339)
Cash and cash equivalents at the beginning of the period	222	56
Cash and cash equivalents at end of the year	100	22

During the year there were the following material non-cash transactions:

- On 25 April 2023 the Company issued 45,709,570 ordinary 0.1p shares to the shareholders of Acuity RM as part of the consideration for the acquisition.
- On 25 April 2023 and 9 October 2023, the Company issued in total 1,642,539 ordinary 0.1p shares to the advisers as part payment for fees.

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

The accompanying accounting policies and notes form an integral part of these consolidated financial statements.

Notes to the Financial Statements

for the year ended 31 December 2023

1. Revenue and segmental analysis

The following is an analysis of the Group's revenue for the year from continuing operations:

Year ended 31 December 2023 £'000	Year ended 31 December 2023 £'000

Fees and Income from investee companies

	15	60
Provision of software licences and Services consisting of: ¹	1,351	-
revenue from subscriptions	1,114	-
revenue from services	237	-
 The geographical analysis of revenue is as follows:		
United Kingdom	832	-
Europe	220	-
USA	165	-
South Africa	52	-
Canada	37	-
Rest of World	45	-
 1,351	-	

¹ Revenue from the subsidiary is included from acquisition date, 25 April 2023.

2. *Administrative expenses*

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Expenses by nature		
Staff and related costs	1,286	149
Professional fees	207	100
Office related costs	104	15
Depreciation	5	-
Amortisation	133	-
Software services	88	-
Other expenses	344	52
 Total	 2,167	 316

3. *Staff Costs*

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Staff costs – including directors		
Wages and salaries	1,092	144
National insurance	127	5
Other pension costs	40	-
Other staff related costs	27	-
 1,286	 149	

**Year ended 31
December 2023** **Year ended 31
December 2022**

No. of
employees

The average number of employees (including Directors) of the Group was: 23 5

Further details of individual Directors' remuneration, pension fund and interests in the Company are shown in the table on page 17.

4. *Finance Costs*

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Finance Costs		
Interest on bank deposits	(1)	-
Bank Interest payable	8	-
Other interest payable	12	-
	19	-

5. *Gain/Loss on remeasurement of financial assets and liabilities*

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Loss on remeasurement of CBIL Loan	5	-
Loss on revaluation of investment in KCR Residential REIT plc	61	85
	66	85

6. *Exceptional costs*

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Legal fees related to the acquisition of Acuity RM	149	-
Other	133	-
	282	-

7. *Auditors' remuneration*

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Auditor's remuneration	57	22
Transaction services in respect of the re-admission to AIM	100	-
	157	22

8. *Corporation tax*

There is no tax charge or credit for the current year. The tax assessed for the prior year is higher than the standard rate of corporation tax in the UK of 23.5% (2022: 19%). The differences are explained as follows:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Loss on ordinary activities before taxation	(1,341)	(341)
Loss on ordinary activities multiplied by standard rate of UK corporation tax of 23.5% (2022: 19%)	(315)	(65)
Effect of:		
Disallowable items	62	20
Addition / (utilisation) of tax losses arising	253	46
Total tax charge/(credit)	-	-

The Group has unrecognised deferred tax assets of £1,757,000 (2022: £1,504,000) as a result of losses in the current year and prior periods carried forward of £8,990,000 (2021: £8,013,000).

9. *Earnings per ordinary share*

The calculation of basic and diluted earnings per share is calculated by dividing the profit or loss for the year by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December 2023	Year ended 31 December 2022
Loss attributable to equity shareholders (£'000)	(1,341)	(341)
Weighted number of ordinary shares in issue	96,242,220	41,982,024
Loss per ordinary share ¹	(1.39)p	(0.81)p

¹ The 2022 loss per ordinary share is based on the post consolidation number of shares in issue. See note 18 for details.

Diluted earnings per share has been calculated as the Group's average share price during the period is above the exercise price of one tranche of share options. However, as the options were exercisable from 25 November 2020 and using the treasury method to calculate diluted EPS, the impact was negligible and diluted earnings per share is equal to basic earnings per share.

For the remaining share options and warrants, the Group's average share price during the period is lower than the exercise price of the share options and warrants and therefore the effect of including the share options and warrants is anti-dilutive.

10. Tangible and intangible assets - Group

	Group Tangible Assets £'000	Group Software development £'000	Group Customer contracts £'000	Group Website £'000	Group Total Intangible £'000
Cost or valuation					
At date of acquisition 25 April 2023	30	670	227	37	934
Additions	3	0	0	0	0
C/F 31 December 2023	33	670	227	37	934
Accumulated depreciation					
At date of acquisition 25 April 2023	20	331	208	29	568
Charge for year	5	106	19	8	133
C/F 31 December 2023	25	437	227	37	701
Net Book Value 31 December 2023	8	233	0	0	233

11. Goodwill

	Group 31 December 2023 £'000	Group 31 December 2022 £'000
Goodwill arising on the acquisition of Acuity RM on 25 April 2023	5,154	-

The goodwill arises on the acquisition of Acuity RM in April 2023. The goodwill has been tested for impairment using a discounted cashflow forecast model. The model is for 5 years and uses a 10% growth rate on new sales and upsell reducing to 5% in the last year. The growth rate used in costs varies depending on the type of cost, with the biggest growth being employment costs as these are the most significant. The pre tax weighted average cost of capital used in the model was 5.07%. No impairment was deemed necessary at the reporting date.

12. Investments held at Fair Value through Profit and Loss

	Group 31 December 2023 £'000	Group 31 December 2022 £'000	Company 31 December 2023 £'000	Company 31 December 2022 £'000
Cost of investments				
B/F cost	2,330	2,330	2,330	2,330
Additions	-	-	-	-
Transfer to investment in subsidiaries ¹	(625)		(625)	
C/F cost	1,705	2,330	1,705	2,330
Fair Value Movement				
B/F fair value	(1,400)	(1,315)	(1,400)	(1,315)
Fair Value adjustment	(61)	(85)	(61)	(85)
C/F Fair Value movement	(1,461)	(1,400)	(1,461)	(1,400)
Fair Value of Investments	244	930	244	930

¹ Acuity RM Group plc previously held a 25% stake in Acuity RM. On 25 April 2023 it acquired 100% of the ordinary share capital of Acuity RM. The investment in Acuity RM has been transferred to an investment in subsidiary. See note 13.

The Company acquired its legacy investment in KCR Residential REIT plc at a price of £0.70 per share in 2018. KCR is an AIM listed real estate investment trust focused on the residential property market. The investment was classed as fair value through profit and loss in accordance with IFRS 9. The share price at 31 December 2023 was £0.10 per share so the investment was valued downwards at the year-end by £61,143 in accordance with IFRS 13. The closing value at 31 December 2023 was £243,571. (31 December 2022: £304,714).

Fair value hierarchy

As KCR Residential REIT plc is an AIM listed company, it is measured under level 1 of the fair value hierarchy in accordance with IFRS 13:

- Level 1: quoted prices in an active market for identical assets or liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the Group is the closing price on the last day of the financial year of the Group. These instruments are included in level 1 and comprise FTSE and AIM-listed investments classified as held at fair value through profit or loss.

All assets held at fair value through profit or loss were designated as such upon initial recognition.

13. Investment in subsidiaries

At 31 December 2023 the Company held 100% of the ordinary share capital of the following companies:

	Company 31 December 2023 £'000	Company 31 December 2022 £'000
Investment in Acuity RM		
25% investment in Acuity RM ¹	625	625
Remaining 75% stake in Acuity RM ²	3,585	-
C/F investment in Acuity RM	4,210	625

¹ Prior to the acquisition of Acuity RM, the Company held a £625,000 investment in Acuity RM. This was shown as an investment at fair value through profit or loss— see note 12

² On the 25 April 2023 the Company completed the successful acquisition of Acuity RM. The Company issued 45,709,570 ordinary shares and paid £500,000 in cash to acquire the remaining share capital of Acuity RM and now holds 100% of the share capital. Total value of consideration was £3.6m.

In addition, Acuity RM Group plc held 100% of the ordinary share capital of World Life Sciences Ltd. It is a dormant company with a value of £nil and was dissolved on 12 March 2024.

14. Trade and Other Receivables

	Group 31 December 2023 £'000	Group 31 December 2022 £'000	Company 31 December 2023 £'000	Company 31 December 2022 £'000
Trade Receivables	1,093	12	-	12
Prepayments and Accrued Income	150	110	16	110
Other Receivables	12	-	-	-
	1,255	122	16	122

15. Inter-Group Receivable

	Company 31 December 2023 £'000	Company 31 December 2022 £'000
Inter-group loan - Acuity RM ¹	392	-

¹ The inter-group loan is repayable on demand

16. Trade and other payables

	Group 31 December	Group 31 December	Company 31 December	Company 31 December

	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade payables	115	2	52	2
Employment taxes and VAT	250	21	14	21
Accruals	182	24	38	24
Other payables	10	-	-	-
	557	47	104	47

17. Other current liabilities

	Group 31 December 2023 £'000	Group 31 December 2022 £'000	Company 31 December 2023 £'000	Company 31 December 2022 £'000
Deferred Income	1,016	-	-	-
Bank Loans ¹	68	-	-	-
Other loans	97	-	-	-
	1,181			

18. Other non-current liabilities

	Group 31 December 2023 £'000	Group 31 December 2022 £'000	Company 31 December 2023 £'000	Company 31 December 2022 £'000
Deferred Income	1,014	-	-	-
Bank Loans ¹	154	-	-	-
	1,168	-	-	-

¹ The bank loan is a CBIL that was taken out in July 2021. The loan is repayable over 6 years and is secured by a debenture. Under the terms of the CBIL no interest was payable for the first 12 months, therefore the CBIL has been fair valued through profit and loss. The fair value adjustment is disclosed in note 5.

19. Share capital

Allotted, called up and fully paid

Number of ordinary shares of 0.1p each	Year ended 31 December 2023	Year ended 31 December 2022
B/F	419,822,048	419,822,048
Consolidation and subdivision ¹	(377,839,648)	-
Shares issued during the year ²	45,709,570	-
Shares issued during the year ³	32,222,222	-
Shares issued during the year ⁴	1,642,539	-
C/f	121,556,731	419,822,048

¹ On 24 April 2023 a resolution was approved by shareholders in a general meeting whereby the ordinary shares were subject to a consolidation and subdivision effectively reducing the number of shares and share options by a factor of 10. At the same time the number of deferred shares increased by 377,839,648.

² On 25 April 2023 the Company issued 45,709,570 ordinary 0.1p shares to the shareholders of Acuity RM as part of the consideration for the acquisition.

³ On 25 April 2023 the Company issued 32,222,222 ordinary 0.1p shares to raise capital including, inter alia, £500,000 to pay the shareholder of Acuity RM as part of the consideration for the acquisition.

⁴ On 25 April 2023 and 9 October 2023 the Company issued in total 1,642,539 ordinary 0.1p shares to the advisers as part payment for fees.

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Allotted, called up and fully paid		
121,556,731 (2022: 419,822,048) ordinary shares of 0.1p each	121	420
2,645,954,765 (2022: 2,268,113,165) deferred shares of 0.1p each	2,646	2,268
	2,767	2,688

20. Deferred shares

On 24 April 2023 at the General Meeting of the Ordinary Shareholders a resolution to consolidate and subdivide the Ordinary shares was approved. The effect of this was to reduce the number of Ordinary shares in issue on the basis of 1 for 10 but the underlying assets remain at the same value so assets per share increased tenfold; and to create additional Deferred Shares which are effectively valueless.

The other rights of the deferred shares are:

- no right to any dividend;
- the right to receive notice of any general meeting and to attend such meeting but no right to vote thereat.

21. Share options and warrants

The Group operates an unapproved share option scheme. Awards under each scheme are made periodically to employees. The share options in this scheme vest three years after the date of grant and have an exercise period of seven years. The options may only be exercised by option holders while they are still employees of the Group. If death in service occurs the options can be exercised (to the extent that they have vested) by the option holder's personal representatives within 12 months from the date of death. If an option holder ceases to be employed and the Directors deem the option holder to be a 'Good Leaver' the options can be exercised (to the extent that they have vested) within six months from the date of cessation of employment.

A reconciliation of share option movements over the year ended 31 December 2023 is shown below:

	Number	At 31 December 2023 outstanding options granted over ordinary shares, adjusted for the
Outstanding at 31 December 2022 and 31 December 2023	1,500,000	
share reorganisation in April 23 were as follows:		
Share option scheme	Exercise price	Number
Company unapproved	6.5p	1,100,000
Company unapproved	5.5p	400,000

Further details on the share options can be found in the Remuneration Report on page 18.

The weighted average exercise price for the Group's options are as follows:

Options outstanding at 31 December 2023: 6.2p

Options exercisable at 31 December 2023: 1,500,000

The weighted average remaining contractual life of the share options outstanding at the end of the year is 6 years (2022: 7 years).

The Group has used the Black-Scholes formula to calculate the fair value of outstanding share options. The assumptions applied to the Black-Scholes formula for share options issued and the fair value per option are detailed in the table below for options issued. The charge calculated up to 31 December 2023 is £nil (2022: £21,000). Volatility was calculated using historical share price information for the six months prior to the date of grant.

	Unapproved share options 2020 grant
Date of grant	15 July 2020
Expected life of options based on options exercised to date	3 years
Volatility of share price	87%
Dividend yield	0%
Risk free interest rate	0.01%

Share price at date of grant – adjusted for share reorganisation April 2023	6.5p
Exercise price – adjusted for share reorganisation April 2023	6.5p
Fair value per option – adjusted for share reorganisation April 2023	4.6p

Date of grant	25 Nov 2020
Expected life of options based on options exercised to date	3 years
Volatility of share price	96%
Dividend yield	0%
Risk free interest rate	0.01%
Share price at date of grant – adjusted for share reorganisation April 2023	4.8p
Exercise price – adjusted for share reorganisation April 2023	5.5p
Fair value per option – adjusted for share reorganisation April 2023	3.5p

Warrants

On 25 April, in connection with the acquisition of Acuity RM, the Company issued certain advisers with warrants to subscribe for the number of shares shown below at a price of 4.5 pence per share. The first date of exercise to be 25 April 2024 and the warrants expire on 24 April 2026.

Share Warrant Holders	Exercise price	Number	Date granted	Dates Exercisable
Clear Capital Markets Ltd	4.5p	1,674,465	25 April 2023	25 April 2024 – 24 April 2026
Peterhouse Capital Ltd	4.5p	475,534	25 April 2023	25 April 2024 – 24 April 2026

Warrants exercisable at 31 December 2023: nil

The Group has used the Black-Scholes formula to calculate the fair value of outstanding share options. The assumptions applied to the Black-Scholes formula for share warrants issued and the fair value per warrant are detailed in the table below for warrants issued. The charge calculated up to 31 December 2023 is £61,000 (2022: £nil).

Date of grant	25 April 2023
Expected life of the Warrants	3 years
Volatility of share price	60.2%
Dividend yield	0%
Risk free interest rate	3.67%
Share price at 31 December 2023	6.0p
Exercise price	4.5p
Fair value per option – adjusted for share reorganisation April 2023	3.1p

22. Pensions

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. Employer contributions for the year were £39,999.

Contributions payable to the pension scheme are charged to the income statement in the year to which they relate. The Group has no further payment obligations once the contributions have been paid.

23. Transactions with related parties

Group and Company

The key management personnel of the Company are considered to be the Directors.

Acuity RM Limited, a 100% owned subsidiary, was charged £45,000 for management fees for the period ended 31 December 2023. (12 months ended March 2023: £60,000). At the end December 2023 Acuity RM owed £75,000 plus VAT for unpaid management fees (March 2023: £25,000 plus VAT). These amounts form part of the inter group balance between the Company and Acuity RM.

24. Business combinations

On the 25 April 2023 the Company completed the successful acquisition of Acuity RM. The Company issued 45,709,570 ordinary shares and paid

£500,000 in cash to acquire the remaining share capital of Acuity RM and now holds 100% of the share capital. Total value of consideration was £3.6m. Prior to the acquisition of Acuity RM, the Company held a £625,000 investment in Acuity RM.

Consideration	£'000
B/f cost of 25% stake in Acuity Ltd acquired in 2020	625
Consideration to acquire remaining share capital of Acuity RM on 25 April 2023	
Issue of ordinary shares	3,085
Cash consideration	500
Total consideration	4,210

Management have undertaken a purchase price allocation exercise to assess the value of the net assets acquired on acquisition. Management have concluded that the fair value of the net assets acquired is equal to the book value, with the difference between the consideration paid and the net assets being allocated to goodwill – see below. The value of the goodwill represents Acuity RM's effective approach to risk assurance, their know how and technical understanding of the market and deep customer relationships which are all driven by a strong assembled workforce.

The goodwill has been tested for impairment at the reporting date as described in note 11.

Recognised amounts of assets and liabilities acquired	Book Value	Fair Value Adjustments	Total
	£'000	£'000	£'000
Goodwill	1,673	(1,673)	-
Capitalised software			338
	338		
Other fixed assets	37		37
Trade and other receivables	310		310
Cash	331		331
Trade and other payables	(327)		(327)
Deferred Income	(1,369)		(1,369)
Borrowings	(264)		(264)
Total identifiable net assets	729	(1,673)	(944)
Goodwill			5,154
Total consideration			4,210

Since 25 April 2023, Acuity RM has contributed a loss of £709,614 and revenue of £1,351,185. Had Acuity RM been consolidated from 1 January 2023 it would show an additional loss of £175,048 and revenue of £614,697.

25. Financial instruments and risk profile

The Group's and Company's financial instruments comprises investment, cash balances, debtors and creditors that arise directly from its operations and derivative instruments. The Group and Company are exposed to risk through the use of financial instruments and specifically to liquidity and market price risk and foreign exchange rate risks, which result from the Group's operating activities.

The Board's policy for managing these risks is summarised below.

Liquidity and market price risks

The Group currently has an investment in KCR Residential REIT plc. Although this is a traded investment it has limited liquidity. The Group and Company are exposed to market price risk as shown by movements in the value of its equity investment. Any such risk is regularly monitored by the Directors.

Foreign exchange rate risks

Acuity RM trades overseas and invoices in the local currency in territories with currencies traded in major markets, but in less developed areas it will invoice in £ Sterling or other major currency as agreed with the customer.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors capital on the basis of the carrying amount of equity, less cash and cash equivalents as presented on the face of the Statement of financial position. The movement in the capital to overall financing ratio is shown below:

Group	Group	Company	Company
31 December	31 December	31 December	31 December
2023	2022	2023	2022
£'000	£'000	£'000	£'000

Equity	4,088	1,227	4,798	1,227
Less: cash and cash equivalents	(100)	(222)	(40)	(222)
Capital	3,988	1,005	4,758	1,005
Equity	4,088	1,227	4,798	1,227
Borrowings	319	-	-	-
Overall financing	4,407	1,227	4,798	1,227
Capital to overall financing	90.5%	81.9%	99.2%	81.9%

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Credit risk

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date.

	Group 31 December 2023 £'000	Group 31 December 2022 £'000	Company 31 December 2023 £'000	Company 31 December 2022 £'000
Trade and other receivables	1,255	122	16	122
Cash and cash equivalents	100	222	40	222
Inter group loan	-	-	392	-
	1,355	344	448	344

The Directors consider that all the above financial assets are of reasonable quality. No amounts shown above are considered to be past their due date.

Summary of financial assets and liabilities by category

The carrying amount of financial assets and liabilities as recognised at the balance sheet date of the reporting periods under review may also be categorised as below:

	Group 31 December 2023 £'000	Group 31 December 2022 £'000	Company 31 December 2023 £'000	Company 31 December 2022 £'000
Current assets				
Trade and other receivables	1,255	122	16	122
Cash and cash equivalents	100	222	40	222
Inter group loan	-	-	392	-
Financial assets at amortised cost	1,355	344	448	344
Financial assets at FVTPL	244	930	244	930
Current liabilities				
Trade and other payables	557	47	-	47
Deferred income	1,016	-	-	-
Loans	68	-	-	-
Financial liabilities carried at amortised cost	1,641	47	-	47
Financial liabilities carried at FVTPL	97	-	-	-
Non current liabilities				
Deferred Income	1,014	-	-	-
Financial liabilities carried at amortised cost	1,014	-	-	-
Financial liabilities carried at FVTPL	154	-	-	-

The financial instruments held at fair value through profit or loss have been valued in accordance with IFRS 13. In the current year, these are determined by reference to quoted prices where there is an active market for identical assets or liabilities. Otherwise, the fair value is determined by using valuation

techniques such as earnings multiples. There is no material difference between the carrying value and fair value of the Group's aggregate financial assets and liabilities.

Interest rate risk profile of financial liabilities

	Group 31 December 2023 £'000	Group 31 December 2022 £'000	Company 31 December 2023 £'000	Company 31 December 2022 £'000
Floating rate financial liabilities	-	-	-	-
Fixed rate financial liabilities	319	-	-	-
Financial liabilities on which no interest is paid	2,587	47	104	47
	2,906	47	104	47

26. Subsidiary undertakings

At 31 December 2023 the Group held 100% of the equity of the following:

Company name	Country of registration	Principal activity	Holding	Class of shares
Acuity Risk Management Ltd	England	Software development	100%	Ordinary
World Life Sciences Limited	England	Dormant	100%	Ordinary

The registered address of the Acuity Risk Management Ltd is the same as that of the parent company see note 27.

The registered address of World Life Sciences Limited is Burnham Yard, London End, Beaconsfield, HP9 2JH. It is a company with no assets and was dissolved in March 2024.

27. Company information

The Company is a Public Limited Company registered in England and Wales. The registered office is 2nd Floor, 80 Cheapside, London EC2V 6EE.

28. Ultimate controlling party

The Directors believe that there is no overall controlling party of the Company.

29. Events after the balance sheet date

There are no events after the reporting date to be disclosed.

30. Contingent Liabilities

There are no contingent liabilities to be disclosed.