CATENAE INNOVATION

Annual Report
& Financial Statements

Year Ended 30 September 2018

Company No. 04689130

(formerly Milestone Group Plc)

Catenae Innovation Plc

Annual report and financial statements for the year ended 30 September 2018

Contents

__Catenae Innovation Plc__ is referred to in this document as "Catenae" or the "Company".

Chairman's Statement

Key points

- Creation of Blockchain Intellectual Property within Trust in Media for copyright protection
- Launch of Sequestrum – a digital repository system utilising blockchain
- Aston Villa successfully completed proof of concept exercise
- Southend United Football Club sign agreement post year-end
- Costs greatly reduced and five-fold revenue increase

Business progression

The past 12 months have seen a transformation within the business as the revised strategic plan, which commenced in September 2017, has been implemented. This was formalised in March 2018 with the change of name from Milestone Group Plc to Catenae Innovation Plc. The new management structure is in place and the streamlining of the business units has been completed with the inherent reduction in head count. This has resulted in a drastic reduction in the cost base of the business; where there were extra costs for these changes, these have been included within the 2018 accounts.

As the new product areas discussed below have come on stream, one of the key business metrics for the management team is the value of the associated invoices. The management are pleased to see a five-fold increase in revenue year on year (2018: £157,218, 2017: £24,040 on a like for like basis), the vast majority of this as new products were rolled out in the second half of the year.

In March 2018, the Company created a joint venture company, Trust in Media, through the disposal of some shares in Oil Productions Ltd T/A Relative and a rebranding of that entity. Catenae retain 50.5% of the ownership. Trust in Media has since focused on offering technical innovation within the media sector.

Since its formation, Trust in Media has created intellectual property in respect of blockchain technology for use by its own clients as well as licenced to Catenae, where it is embedded into Catenae's products. Trust in Media has carried out a trial of the Digital Asset Registration tracking technology that it developed. This has now been accepted to sit within the operations of a service provider in the image-licensing sector and is subject to commercial discussion post period. In addition, Catenae has launched two new products, Sequestrum, the Company's first blockchain application which is a universal digital asset repository and tracking system utilising the Trust in Media intellectual property and OnSite, a Management and Inspection application developed for the construction sector. The revised products also introduce a revised revenue model combining multi-year annuity contracts with per event transactional revenues. Both Sequestrum and OnSite have been trialled in successful pilot projects with potential clients; these are now subject to commercial negotiation.

Sequestrum forms the basis of the Company's technical strategy. It has been embedded within the legacy products, OnSide and OnGuard, and is integral to OnSite. This development augments their compliance capability of the products by offering the ability to store immutable reports and proof of work functions to their legacy GDPR credentials.

Post period end the Company signed the first commercial agreement for its blockchain technology in the form of its Sequestrum-enabled version of OnGuard. This achieves revenue through a combined annuity licence and transactional fee structure.

This period has seen the each of our existing clients renewing or extending their annuity contracts, new customers signing up for pilot projects and the development of products. The Board has now implemented the new strategy for the business, ensuring that costs are greatly reduced and that all product lines have a commercial focus.

In the meantime, with the advent of the new GDPR rules, Catenae's Mobile Business Solutions products are going from strength to strength. The OnGuard product, targeted at companies with remote workforce, has seen its existing contracts both renew and expand into providing additional services. The OnSide product, which focuses on the sports coaching industry, has also seen its existing contract being renewed with Charlton Athletic, but has had increased interest from a number of football clubs and has recently signed Southend United. Aston Villa also completed a successful pilot within its community foundation. The Company are also in discussion with other football clubs and have recently commenced discussions within Premiership Rugby.

Working capital, fund raisings and other matters

During the year, the Company issued 299,833,335 new ordinary shares for a total consideration of £509,500, of which £356,500 was received in cash during the year and £153,000 was in exchange for goods and services. Since the year-end, the Company has issued 500,000,000 new ordinary shares for a total consideration of £600,000 of which £25,000 cash was received in the current year (held within shares to be issued reserve at the year-end), £167,245 was in exchange for goods and services (agreed during the year and also held within shares to be issued), £395,000 cash received post year-end and £12,755 was in exchange for goods and services post year-end.

The Company continues to carefully manage its working capital position and will need to raise further monies through subscriptions for new shares in the short term while the efforts from last year bring about the creation of new revenue lines. The Company remains firmly focused on generating revenue through developing its activities. Protecting the interest of the Company's shareholders is a priority and the Board's strategy is to seek to raise funds on a basis that is fair to all.

Results for the year

The Company had a net loss for the year of £1,106,788 (2017: £2,262,319), showing real improvement in the management of costs, and revenues of £157,218 (2017: £28,795), of which £nil (2017: £4,755) relates to discontinued operations. The Company has a statement of financial position at the year-end showing net liabilities of £891,929 (2017: £552,280).

These results are presented under European Union Adopted International Financial Reporting Standards ("EU Adopted IFRS").

Conclusion

The Board saw the restructuring of the business as critical to delivering the new business strategy and became the primary focus for much of the year. The period saw the commencement of the recovery for the business with the introduction of the new product set and the Board are pleased to see that the revised products areas are attracting both interest and revenues. The Company is now firmly focussed on translating this interest in the product set to sustainable revenues.

Anthony Sanders
Chief Executive Officer and Chairman
28 December 2018

Board of Directors

Directors at 28 December 2018

Anthony Sanders, Chief Executive Officer and Chairman
appointed as Technical and Development Director, 27 December 2011, and as Chief Executive Officer and Chairman, 19 September 2017

Edward Guy Meyer, Business Development Director
appointed as Business Development Director, 19 September 2017

Kevin Everett, Non-Executive Director
appointed as Non-Executive Director, 16 May 2013

Company Secretary

Sean Sydenham
appointed 28 September 2017

Company Information

Address and registered office

Catenae Innovation Plc
27 Old Gloucester Street
London
WC1N 3AX

Telephone: +44 (0)20 7929 7826
Fax: +44 (0)870 495 4820
Email: enquiries@catenaeinnovation.com
Website: www.catenaeinnovation.com

Registered in England Company no: 04689130

Auditors: Nexia Smith & Williamson Audit Ltd, Portwall Place, Portwall Lane, Bristol BS1 6NA

Nominated Adviser: Cairn Financial Advisers LLP, 62-63 Cheapside, London EC2V 6AX

Brokers: Alexander David Securities Limited, 49 Queen Victoria Street, London EC4N 4SA

Registrars: Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Strategic Report for the year ended 30 September 2018

Results and dividends

The results of the Company for the year are set out on page 14 of this report and show the loss for the year of £1,106,788 (2017: £2,262,319) with total revenues of £157,218 (2017: £24,040). The Directors are unable to recommend the payment of a dividend (2017: nil).

Principal activities, review of business and future developments

A description of the Company's principal activities and a review of the year are held within the Chairman's statement above. The Company offers its shareholders exposure to the digital media and fintech sectors. Catenae is a provider of financial technology and media publishing solutions utilising blockchain technologies.

Key performance indicators ("KPIs")

During the year, the key performance indicators for the Company's operations were the control of central costs against expected future benefits, along with revenues and contribution levels for all projects. As discussed in the Chairman's Statement, this year has seen a real improvement in the management of costs as well as an increase in revenues. This process will continue as the Board implement new financial and non-financial performance indicators to ensure control of central costs continue to ensure the future profitability of each of the projects going forward.

Financial instruments and principal risks and uncertainties

The Company had £315,662 of loans outstanding at the year-end (2017: £293,027). The Company's modest cash reserves during the year were held in bank current and deposit accounts. A detailed description of how the Company manages risks and uncertainty surrounding financial instruments, working capital, interest rates and liquidity is held in note 16 to the financial statements.

The Directors consider cash flow to be the material financial risk to the Company in the immediate future. The Company continues to be reliant upon its continuing ability to manage the timing of settlement both of its current liabilities and future liabilities as they arise. There is also a need for successful on-going equity fundraises and / or loans in the immediate to short term thereafter, while sales plans and projections come into effect. The risks impacting the Company will change as the business continues to develop and these changes will be expanded upon as the various projects are commercialised.

Events after the reporting period

Events after the reporting period are set out in note 25 to the financial statements.

Going concern

Whilst the Company has made a loss in the year and had net liabilities of £891,929 (2017: £552,280) at the year-end, the Board feel it is appropriate to adopt the going concern basis in preparing the annual reports and accounts. There are significant risks and uncertainties surrounding the going concern assumption and these are fully discussed and disclosed in note 1 and 2 to the annual report and accounts.

By order of the Board

Anthony Sanders
Chief Executive Officer and Chairman
28 December 2018

Report of the Directors for the year ended 30 September 2018

The Directors present their report together with the audited financial statements for the year ended 30 September 2018.

Directors in the year

Anthony Sanders, Technical and Development Director, Chief Executive and Chairman
Edward Guy Meyer, Business Development Director
Kevin Everett, Non-Executive Director

Substantial shareholdings

So far as the Company is aware and subject to any new notifications received after 28 December 2018, the following persons have a notifiable interest in the ordinary share capital of the Company (3 per cent or more of the Company's ordinary shares; please note percentages are rounded):

	Ordinary Shares held at 28 December 2018	
Venkata Ramesh Para	522,626,906	(20.27%)
Miton Group Plc	300,000,000	(11.63%)
Edward Guy Meyer	95,458,292	(3.70%)
Monecor (London) Limited	79,490,490	(3.08%)

Communication with shareholders

London Stock Exchange notifications are the primary vehicles for communication with shareholders. The annual report and accounts and the interim statement at each half-year are also communicated to shareholders and are distributed to other parties who have expressed an interest in the Company's performance. The London Stock Exchange notifications and the Company results can be viewed on the Company website (www.catenaeinnovation.com).

Each year shareholders are invited to an annual general meeting ("AGM"). The AGM is the main shareholder event of the year and provides an opportunity for shareholders to question the Directors.

Shareholders who have any queries relating to their shareholdings or to the affairs of Catenae generally are invited to contact the Company Secretary at the Company's registered address.

We publish all shareholder information including the AGM Notice of Meeting and Annual Report and Accounts on the Company website at www.catenaeinnovation.com/investors/financial-reports. Reducing the number of communications sent by post not only results in cost savings to the Company but also reduces the impact that the unnecessary printing and distribution of reports has on the environment.

Environmental matters

The nature of Catenae's business means that it is unlikely to be a major polluter but the Board is mindful of the potential impact on the environment of the Company's activities. The Board recognises its responsibility to the environment in areas such as energy management, paper usage, waste reduction and recycling, and communications.

Quoted Companies Alliance (QCA) Governance Code

The Board recognise the importance of good corporate governance and seek to apply the QCA Code.

Board of Directors

The Board is responsible for formulating, reviewing and approving the Company's strategies, budgets, major items of capital expenditure and corporate actions.

At the end of the year the Board of the Company comprised two Executive Directors, Anthony Sanders and Edward Guy Meyer, and one Non-Executive Director, Kevin Everett. There were no other Directors who held office during the year. Each Director has extensive and relevant business experience. Brief biographies of the Directors are set out below in this report. Non-executive directors are required to attend 10-12 Board Meetings per year in London and be available at other times as required for face-to-face and telephone meetings with the executive team.

The Board meets on a monthly basis. Meetings held in the year to 30 September and the attendance for the Directors is summarised below:

	Attendance	**Total Possible**
Anthony Sanders	12	12
Edward Guy Meyer	12	12
Kevin Everett	11	12

The Company has a remuneration committee and an audit committee, both of which are chaired by the non-executive director.

The Board believes that this is an appropriate structure for the Company at its current stage of development and that there is sufficient expertise within the Board to facilitate a sound decision-making process and control environment in the short-term.

Details of the remuneration of the Directors are included in note 6 of the financial statements. Future remuneration will be dependent on the growth of the Company.

Directors’ profiles

Anthony Sanders, Technical and Development Director, Chief Executive Officer and Chairman

Tony is a commercially-driven individual, possessing a creative and entrepreneurial mind-set, combining hands-on technical and broad commercial and operations experience within IT services, digital transformation, communications, facilities management and business continuity, including: B2B, B2C, start-ups, executive and non-executive director roles.

Before joining Catenae, Tony was Technical and Operations Director at ICM Group PLC (Latterly, Phoenix IT Group) for nine years. During his time at ICM he was key to implementing a growth strategy for new products resulting in a three-fold increase in revenue to £18.8m over a 4-year period, and placing ICM in the top 3 of UK Business Continuity providers. He was instrumental in ICM winning the CIR Industry Awards Most Innovative Solution for Emergency Office v1.0, and again the following year for v2.0, and oversaw a business unit turnaround and transformation achieving a 60% margin against a previous 30% forecast and enlarging revenue on a legacy service turning it into the fastest growing business unit in the group.

Tony has previously held Senior and Director roles at: British Telecom, Hill Samuel Merchant Bank, Profile Computers PLC, Thorn EMI Computeraid, CSF Assurity.

Edward Guy Meyer, Business Development Director

Guy ran his own cross-platform marketing agency, Firebelly, for nearly 20 years as CEO. Firebelly provided award-winning marketing strategies, content creation and execution services mainly in the entertainment and publishing sectors. Operating across traditional and digital media, he is experienced in business strategy formulation and sales & marketing. His clients included The Walt Disney Company, Harper Collins, Lionsgate, Paramount Pictures and Universal Pictures International. He sold Firebelly in 2013 to concentrate on business consulting where he worked globally, mainly with sales teams, helping them expand and accelerate their sales pipelines in verticals that included financial services, government and telecoms.

Kevin Everett, Non-Executive Director

Kevin has extensive strategic, operational and financial experience, balancing professional and charitable careers, with a focus on business and education. He has vast experience in connecting foundations with the corporate sector.

Kevin was formally Treasurer and Chairman of the Board of the Sir John Cass Foundation. During 23 years on the Board, he has led the restructuring of the Foundation, increasing their assets from £16m to £120m. His early support for specialist schools, linked with his belief in the model of putting education and employers together, has helped increase the Sir John Cass Foundation’s grant capacity and benefit from £300k to over £5m.

He has served as a director on a number of Boards, both commercial and not-for-profit, and is a Chairman of the Valuation Tribunal for England.

Financial instruments and principal risks and uncertainties

Financial instruments and principal risks and uncertainties are set out in the Strategic Report on page 4.

Events after the reporting period

Events after the reporting period are set out in note 25 to the financial statements.

Auditors

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant audit information of which the Company's auditors were unaware; and
- that Director had taken all steps that the Director ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Nexia Smith & Williamson Audit Ltd expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the Annual General Meeting.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Company financial statements in accordance with the applicable United Kingdom law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence take reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

By order of the Board

Anthony Sanders
Chief Executive Officer and Chairman
28 December 2018

Report of the independent auditors

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF CATENAE INNOVATION PLC

Opinion

We have audited the financial statements of Catenae Innovation Plc (the ‘company’) for the year ended 30 September 2018 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company’s affairs as at 30 September 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 SME 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 identifies that, at 30 September 2018, the continuing ability of the company to meet its financial obligations is dependent on the ability to manage its cash flows in the next 12 months. The going concern status of the company is dependent upon the management of the timing of settlement of its liabilities and the raising of further funds in the immediate to short term and thereafter on the forecast profitability of key projects which have recently commenced and for which the degree of success cannot yet be reliably demonstrated.

Forecasts prepared by management indicate that if they are unable to manage the company’s liabilities as planned or the external fundraising does not occur in the immediate term and, subsequently, the future projects do not prove as profitable as forecast the company would have an immediate requirement to seek alternative sources of funding. As stated in note 1, these conditions indicate that a material uncertainty exists which casts significant doubt on the company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

We identified the key audit matter described below as that which was most significant in the audit of the financial statement 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
Treatment of joint venture	The company owns 50.5% of the share capital of Trust in Media Limited. However, there is significant judgement required as to whether the company controls Trust in Media Limited or if this is a joint venture arrangement	We challenged the judgement made by management, as described in note 2. As part of our procedures we: • reviewed the Joint Venture Agreement entered in to by the company; and • discussed with management the practicalities of the JVA and what decisions could be made solely by the company. Based on our procedures we concluded that the treatment of Trust in Media Limited as a joint venture is appropriate.

Materiality

The materiality for the financial statements as a whole was set at £27,300. This has been determined with reference to the benchmark of the company's gross expenses, which we consider to be an appropriate measure based on the activities of the company during the year. Materiality represents 2.0% of total expenditure as presented on the face of the Statement of comprehensive income.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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.

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.

Carl Deane
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

Portwall Place
Portwall Lane
Bristol
BS1 6NA

Date: 28 December 2018

Statement of comprehensive income for the year ended 30 September 2018

	Note	2018 £	2017 £
Revenue	1	**157,218**	**24,040**
Cost of sales		-	(1,964)
Gross profit		**157,218**	**22,076**
Realised gain on disposal		-	1
Administrative expenses	5	(1,282,027)	(2,266,777)
		(1,282,027)	(2,266,776)
Loss from operations		**(1,124,809)**	**(2,244,700)**
Net finance expense	7	(2,460)	(1,486)
Loss before taxation		**(1,127,269)**	**(2,246,186)**
Taxation credit	9	20,481	-
Loss from continuing operations		**(1,106,788)**	**(2,246,186)**
(Loss) from discontinued operations net of tax		-	(16,133)
Total comprehensive loss for the year		**(1,106,788)**	**(2,262,319)**
Basic and diluted loss per share (pence)	11	**(0.06)**	**(0.20)**

The notes on pages 18 to 36 form part of these financial statements.

Statement of financial position at 30 September 2018

	Note	2018 £	2017 £
Non-current assets			
Intangible assets		1	1
Investments	12	10	-
		11	**1**
Current assets			
Trade and other receivables	13	48,864	77,137
Cash and other equivalents		49,105	749,818
		97,969	**826,955**
Current liabilities			
Trade and other payables	14	(674,247)	(1,086,209)
Interest bearing loans	15	(315,662)	(293,027)
		(989,909)	**(1,379,236)**
Net (liabilities)		**(891,929)**	**(552,280)**
Capital and reserves			
Share capital	17	2,078,601	1,778,768
Share premium account		16,999,644	17,954,376
Shares to be issued		187,245	-
Share reserve		(83,333)	(1,250,000)
Merger reserve		11,119,585	11,119,585
Capital redemption reserve		2,732,904	2,732,904
Retained losses		(33,926,575)	(32,887,913)
Shareholders' funds		**(891,929)**	**(552,280)**

The financial statements were approved by the Board and authorised for issue on 28 December 2018

Anthony Sanders
Chief Executive Officer and Chairman

The notes on pages 18 to 36 form part of these financial statements.

Statement of cash flows for the year ended 30 September 2018

Cash flow from operating activities	**Note**	**2018** £	**2017** £
Loss for the year		**(1,106,788)**	**(2,262,319)**
Adjustments for:			
Amortisation of intangible assets		-	-
Net bank and other interest charges		2,460	1,486
Services settled by the issue of shares		317,513	45,326
Issue of share options and warrants charge		68,126	68,581
Net cash outflow before changes in working capital		**(718,689)**	**(2,146,926)**
Decrease in trade and other receivables		28,272	74,362
(Decrease) / Increase in trade and other payables		(411,961)	25,810
Cash outflow from operations		**(1,102,378)**	**(2,046,754)**
Interest received		15	14
Interest paid		(2,475)	-
Net cash flows from operating activities		**(1,104,838)**	**(2,046,740)**
Investing activities			
Investment in joint venture		(10)	-
Net cash flows from investing activities		**(10)**	**-**
Financing activities			
Issue of ordinary share capital		381,500	2,516,220
Repayment of loan		(375,090)	(155,000)
New loans raised		397,725	312,500
Net cash flows from financing activities		**404,135**	**2,673,720**
Net (decrease) / increase in cash		**(700,713)**	**626,980**
Cash and cash equivalents at beginning of year		749,818	122,838
Cash and cash equivalents at end of year	24	**49,105**	**749,818**

The notes on pages 18 to 36 form part of these financial statements.

Statement of changes in equity for the year ended 30 September 2018

	Share Capital	Share Premium	Shares to be issued	Other Reserves	Retained Earnings	Total Equity
	£	£	£	£	£	£
Balance at 30 Sept 2016	**783,998**	**15,073,350**	**63,081**	**13,852,489**	**(30,694,175)**	**(921,257)**
Loss for the year	-	-	-	-	(2,262,319)	(2,262,319)
Share capital issued	994,770	2,881,026	(63,081)	(1,250,000)	-	2,562,715
Share options charge	-	-	-	-	68,581	68,581
Balance at 30 Sept 2017	**1,778,768**	**17,954,376**	**-**	**12,602,489**	**(32,887,913)**	**(552,280)**
Loss for the year	-	-	-	-	(1,106,788)	(1,106,788)
Conclusion of defaulting shares issue	-	(1,166,667)	-	1,166,667	-	-
Share issue agreed in advance	-	-	187,245	-	-	187,245
Share capital issued	299,833	211,935	-	-	-	511,768
Share options charge	-	-	-	-	68,126	68,126
Balance at 30 Sept 2018	**2,078,601**	**16,999,644**	**187,245**	**13,769,156**	**(33,926,575)**	**(891,929)**

During the year, certain creditors agreed to convert their invoices to shares and cash was received from new and existing shareholders totalling £187,245. This amount held in shares to be issued at September 2018, with the shares issued post year-end.

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

In October 2016, the Company agreed to issue 83,333,332 ordinary shares at a price of 1.5 pence per share. The Company did not receive the funding for these shares. An agreement was reached with the counter-party waiving their rights to the shares and, as at 30 September 2017, the shares were held in share reserve at the original price agreed for these shares. During the year, it became apparent that the Company may not receive the full share premium and therefore the share premium account and share reserve account were adjusted by £1,166,667, being the share premium on the original share issue. The shares are now held within share reserve at nominal value and the Company will dispose of the shares in due course.

Notes to the financial statements for the year ended 30 September 2018

The principal activity of Catenae Innovation Plc and 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 1 Primrose Street, London EC2A 2EX.

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.

1. Principal accounting policies

These financial statements are the first annual financial statements of the Company prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by European Union ("EU Adopted IFRSs"). The Company previously applied FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The first date at which IFRS was applied was 1 October 2016. In accordance with IFRS, the Company has:

- provided comparative information;
- applied the same accounting policies through all periods presented; and
- retrospectively applied IFRS as required.

The transition to IFRS has resulted in no material changes to the financial position or results of the Company.

Going concern

The Company'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 Company, its cash flows, liquidity position and borrowing facilities are described in the financial statements. In addition, note 16 to the financial statements includes the Company'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 30 September 2018, being the Company's financial year-end, was £891,929 (2017: £552,280). Subsequent to the reporting date, the Board has been able to agree funding in the form of further share issues raising £524,945 in cash and clearing £75,055 worth of creditors through share issue. The funding received to date will go part way to cover year-end liabilities, and the Company will be dependent upon future funding and revenues to meet the remaining obligations, as discussed below.

The Company continues to be reliant upon its continuing ability to manage the timing of settlement both of its current liabilities and future liabilities as they arise. There is also a need for successful on-going equity fundraises and / or loans in the immediate to short term thereafter, while sales plans and projections come into effect, especially in relation to revenues generated from existing and new products. The Board has prepared forecasts to reflect the revenues expected to be generated by the Company. The Company is fully focused on ensuring that sales plans are followed to ensure that the business becomes self-sustaining in the near future.

Going concern (continued)

The Directors have concluded that the need to generate future funds from further fundraising and from trading activities to satisfy the settlement of its on-going and future liabilities represents a material uncertainty, which may cast significant doubt upon the Company's ability to continue as a going concern. Nevertheless, after making enquiries and considering this uncertainty and the measures that can be taken to mitigate the uncertainty, the Directors have a reasonable expectation that the Company will have adequate resources to continue in existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the annual report and accounts. The financial statements do not include any adjustments that would result if the Company was unable to continue as a going concern.

Revenue and attributable profit

Revenue is recognised as the contract activity progresses. Revenue and associated costs are recognised in proportion to the work completed. Where, however, the outcome cannot be assessed with reasonable certainty before the contract's conclusion, revenue is recognised only to the extent that the expenses recognised are recoverable. Full provisions are made for any contracts that are forecast to be loss making as soon as it is identified. Where revenue is for a term contract, the subscription is initially credited to deferred income and released to revenue in equal monthly amounts on the basis of the expired period of contract.

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 Company'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

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.

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 Company 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.

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.

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.

Financial instruments

Financial assets and financial liabilities are initially recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument at their fair value and thereafter at amortised cost.

Trade receivables

Trade receivables are initially recorded at fair value and then carried at their amortised cost less any provision for doubtful debts. Trade receivables due in more than one year are discounted to their present value.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. Trade receivables are reported net.

Trade receivables (continued)

The doubtful debt provision expense is recognised within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Trade payables

Trade payables are initially recorded at fair value and then carried at their amortised cost.

Equity instruments

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

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 Company

There are a number of Amendments to Standards adopted in the current year, but none of these had a material impact on the Company in the current period. Detailed transition disclosures have not been provided given there is no material impact on the Company in the current period.

New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 October 2017

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 9 "Financial instruments" will be effective for the year ending September 2019 onwards, the main impact being the impairment assessment methodology used to value trade receivables.
- IFRS 15 "Revenue from contracts with customers" will be effective for the year ending September 2019 onwards; an assessment of the full impact of this standard is in progress.
- IFRS 16 "Leases" will be effective for the year ending September 2020 onwards, and the impact on the financial statements will 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 year 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 Company's accounting policies

In the process of applying the Company'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 Company remains a going concern. The going concern assumption is discussed further in note 1.

Treatment of Trust in Media

In March 2018, Catenae's wholly owned subsidiary Oil Productions Limited T/A Relative was rebranded to create Trust in Media Ltd, a joint venture company, with Catenae keeping 50.5% of the ownership. The Directors are not deemed to have full control of the entity on the basis of unanimous agreement needed by shareholders to make any key business decisions and therefore this will be treated as a joint venture.

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 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 Company has one reportable segment:

> Catenae – Catenae 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.

4. Joint venture – Trust in Media

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

Trust in Media seeks to generate revenue from multiplatform digital production services, the exploitation of intellectual property and licenses held.

Year to 30 September 2018	**Trust in Media**	**Total**
	£	**£**
Revenue	-	-
Loss before tax	(362,214)	(362,214)

Year to 30 September 2017	**Trust in Media**	**Total**
	£	**£**
Revenue	600	600
Loss before tax	(63,575)	(63,575)

All revenue for the company arose in the UK.

As at 30 September 2018	**Trust in Media**	**Total**
	£	**£**
Total Segment Assets	36,381	36,381
Total Segment Liabilities	(1,570,001)	(1,570,001)

As at 30 September 2017	**Trust in Media**	**Total**
	£	**£**
Total Segment Assets	154	154
Total Segment Liabilities	(1,171,806)	(1,171,806)

Should the Company account for Trust In Media under the equity method there would be a loss of £182,918 and shareholders equity of £774,478.

5. Administrative expenses

The following amounts are included within administrative expenses:

	2018 £	2017 £
Auditors' remuneration:		
Fees payable to the Company's auditor:		
For the audit of the Company's annual accounts	31,000	30,000
Fees for taxation compliance services	4,850	4,700
Staff costs (note 6)	616,409	791,925

6. Directors and staff

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

	2018 £	2017 £
Wages and salaries	553,124	706,267
Social security costs	60,685	83,777
Pension costs	2,600	1,881
	616,409	**791,925**

The average number of staff of the Company during the year was as follows:

	2018 no.	2017 no.
Sales and distribution	3	5
Directors and administration	6	7
	9	**12**

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, and remuneration of other key management personnel was as follows:

	2018 £	2017 £
Anthony Sanders	114,000	114,000
Edward Guy Meyer	90,577	1,731
Kevin Everett	24,000	24,000
Deborah White	-	214,308
David Hill	-	8,000
Total Directors emoluments	228,577	362,039
Employers national insurance, employers pension and share option / warrant charges for key management personnel (including directors)	31,274	43,085
	259,851	**405,124**

Details of the total amounts outstanding to the Directors at the period end are detailed in note 14.

During the year, the Company issued warrants to certain Directors, creating a charge of £2,677 (2017: £nil).

6. Directors and staff (continued)

In previous years, the Directors agreed that whilst not waiving their ultimate entitlement to the remaining remuneration, the Board will be granted the right to decide when the Company can afford to pay its directors. The payment of entitlement will not take place until the Board determine that the Company has the financial resources to make any remuneration, and so the Directors have agreed to amend the terms of their contracts to reflect this.

7. Net finance expenses

	2018 £	2017 £
Bank interest receivable	15	14
Loan Interest payable	(2,475)	(1,500)
	(2,460)	**(1,486)**

8. Discontinued operations

In September 2017, as part of the refocusing of the business, the Board decided that the Passion Project no longer fitted with the Company's strategy and therefore agreed to sell the IP and assets of the Passion Project to Deborah White for a nominal sum. The post-tax loss on discontinued operations was £nil (2017: £16,133).

9. Tax on loss

	2018 £	2017 £
Loss before tax	(1,127,269)	(2,246,186)
Loss at the standard rate of corporation tax in the UK of 19% (2017: 19.5%)	(214,181)	(438,006)
Effects of:		
Expenses not deductible for tax purposes	552	3,748
R&D tax credit	20,481	-
Unutilised tax losses and other deductions	214,733	434,258
Total tax charge in the year	20,481	-

Deferred tax assets of approximately £2.7m (2017: £2.7m) 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 £12.8m (2017: £11.6m) 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 year (2017: £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 year. 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 162,191,116 share options and 432,764,797 share warrants outstanding at the year-end (2017: 163,213,116 and 248,431,460). However, the figures for 2018 and 2017 have not been adjusted to reflect conversion of these share options, as the effects would be anti-dilutive.

	2018			2017		
	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	(1,106,788)	1,905,297,999	(0.06)	(2,262,319)	1,115,347,198	(0.20)

12. Investments

	Investments £	Total £
Cost		
At 1 October 2017	-	-
Investment in year	10	10
At 30 September 2018	**10**	**10**
Net book value		
As at 30 September 2017	-	-
As at 30 September 2018	**10**	**10**

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

Joint Ventures & Subsidiaries as at 30 Sept 2018	Registered Address	Class of Shares	Total Number of Shares in issue at 30 Sept 2018	Percentage held by Catenae
Trust in Media Ltd (Joint Venture)	27 Old Gloucester Street, London WC1N 2AX	Ordinary Shares of 0.1p	4,800	50.50%
Nexstar League Ltd (Subsidiary - Dormant)	27 Old Gloucester Street, London WC1N 2AX	Ordinary Shares of 0.1p	100	51%
OnSide Now Ltd (Subsidiary - Dormant)	27 Old Gloucester Street, London WC1N 2AX	Ordinary Shares of 0.1p	1	100%

13. Trade and other receivables

	2018 £	2017 £
Trade receivables	-	1,000
Other receivables	48,864	76,137
	48,864	**77,137**

Trade receivable days at the year-end were 0 days (2017: 14.8 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 Company provides, 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 £159,902 (2017: £nil). No amounts included within trade and other receivables are expected to be recovered in more than one year (2017: £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 year-end for each class of assets is deemed by the Directors to be the same as the fair value.

Held within other debtors is R&D tax claim of £20,481, which was received post year end (2017: £nil).

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

	2018 £	2017 £
Not yet due		
0 - 29 days	-	1,000
	-	**1,000**

14. Trade and other payables

	2018 £	2017 £
Trade payables	252,304	322,376
Other payables	39,467	99,307
Taxation and social security	191,930	215,746
Accruals and deferred income	190,546	448,780
	674,247	**1,086,209**

Included in accruals and deferred income are amounts of £99,180 (2017: £98,842) relating to unpaid contingent remuneration to the Directors in office at the year-end. This has been accrued in accordance with the payments agreed between the Company and Directors.

Included in deferred income there is £7,270 (2017: £6,830), which relates to the residual proportion of annual fees remaining at the year-end.

15. Interest bearing loans and borrowings – due within one year

	2018	2017
	£	£
Loans	315,662	293,027
	315,662	**293,027**

Of these loan balances, £300,662 is unsecured, attracts no interest and has no fixed repayment schedule. The remaining £15,000 is unsecured, attracts 10% per annum interest and has no fixed repayment schedule. The interest charge in the statement of comprehensive income for the year was £2,475 (2017: £1,500).

16. Financial instruments and risk management

Financial risk factors

The Company'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 Company'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 Company 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 Company seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Company policy is to ensure there are sufficient cash reserves to meet liabilities during such periods. These are incorporated into rolling twelve-month Company cash flow forecasts, which are reviewed by the Board monthly, and the cash flows are monitored at by weekly cash reports from each operating entity.

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

Currency risk

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

Capital risk management

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

The Company had current loan liabilities of £315,662 at the year-end (2017: £293,027).

Liability maturity analysis

2018	Repayable on demand or within 1 month	Between 1 month and 6 months	Between 6 months and 1 year
	£	£	£
Trade creditors	252,304	-	-
Other creditors	39,467	-	-
Interest bearing loans	315,662	-	-

2017	Within 1 month	Between 1 month and 6 months	Between 6 months and 1 year
	£	£	£
Trade creditors	322,376	-	-
Other creditors	99,307	-	-
Interest bearing loans	241,227	51,800	-

Within interest bearing loan balances at the year-end, there are £120,000 worth of convertible loans (2017: £nil). All loan balances and associated financial liabilities are due within one year of the end of the reporting period.

Interest rate and liquidity risk

The Company's financial liabilities represented trade payables and short-term loan financing at the year-end. No interest was payable on the trade and other payables outstanding. The Company's working capital commitments are reviewed on an on-going basis with reference to the dates when liabilities are to be repaid.

17. Share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
2,078,601,652 (2017: 1,778,768,317) ordinary shares of 0.1p (2017: 0.1p) each	2,078,601	1,778,768
	2,078,601	**1,778,768**

On 13 December 2017, the Company agreed to issue 30,000,000 ordinary shares at a price of 0.5 pence per share for a cash consideration of £150,000 as a result of warrants being exercised.

On 20 March 2018, the Company agreed to issue 116,666,669 ordinary shares at a price of 0.15 pence per share for a cash consideration of £145,000 and for settlement of outstanding trade payables of £30,000.

On 19 April 2018, the Company agreed to issue 34,333,334 ordinary shares at a price of 0.15 pence per share for a cash consideration of £11,500 and for settlement of outstanding trade payables of £40,000.

On 5 July 2018, the Company agreed to issue 70,833,332 ordinary shares at a price of 0.12 pence per share for a cash consideration of £50,000 and for settlement of outstanding trade payables of £35,000 and 48,000,000 ordinary shares a price of 0.1 pence per share for settlement of outstanding trade payables of £48,000.

No transaction costs were recorded against the share premium in the year.

18. Share warrants

At 30 September 2018, the Company had the following equity settled warrants in issue:

	Date warrant granted	Number of warrants outstanding as at 1 Oct 2017	Warrants granted during the year	Shares forfeited / expired / waived / exercised during the year	Warrants outstanding as at 30 Sept 2018	Option price
Kevin Everett	23/8/2016	1,944,445	-	-	1,944,445	1.25p
		1,944,445	-	-	1,944,445	1.75p
Edward Guy Meyer	28/4/2017	2,500,000	-	-	2,500,000	0.50p
	19/4/2018	-	6,666,667	-	6,666,667	0.25p
Misc. Warrants	3/8/2016	26,707,500	-	-	26,707,500	1.25p
		26,707,500	-	-	26,707,500	1.75p
	23/8/2016	26,813,785	-	-	26,813,785	1.25p
		26,813,785	-	-	26,813,785	1.75p
	28/8/2017	135,000,000	-	30,000,000	105,000,000	0.50p
	20/3/2018	-	166,666,670	-	166,666,670	0.25p
	19/4/2018	-	11,000,000	-	11,000,000	0.25p

On 20 March 2018, the Company issued warrants to certain individuals over a total of 166,666,670 ordinary shares of 0.1p each at a price of 0.25 pence per share as disclosed in the announcement dated 20 March 2018. On 19 April 2018, the Company issued warrants to certain individuals over a total of 17,666,667 ordinary shares of 0.1p each at a price of 0.25 pence per share as disclosed in the announcement dated 19 April 2018. These warrants have no performance conditions. The warrants are exercisable immediately and will lapse on the first anniversary of the date of issue.

The weighted average contractual life of the outstanding warrants at 30 September 2018 was 1.6 years. The fair value of the share warrants 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.

Grant Date	3/8/2016	3/8/2016
Final Date	2/8/2021	2/8/2021
Exercise Price	1.25p	1.75p
Share Price	0.06p	0.06p
Expected Volatility	81%	81%
Expected Dividend Yield	n/a	n/a
Risk Free Rate	0.13%	0.13%
Average Time to Vest	2.3 years	2.3 years

18. Share warrants (continued)

Grant Date	23/8/2016	23/8/2016
Final Date	22/8/2021	22/8/2021
Exercise Price	1.25p	1.75p
Share Price	0.0625p	0.0625p
Expected Volatility	81%	81%
Expected Dividend Yield	n/a	n/a
Risk Free Rate	0.07%	0.07%
Average Time to Vest	2.1 years	2.1 years
Grant Date	28/4/2017	20/3/2018
Final Date	27/4/2019	19/3/2019
Exercise Price	0.50p	0.25p
Share Price	0.19p	0.13p
Expected Volatility	98%	98%
Expected Dividend Yield	n/a	n/a
Risk Free Rate	1.33%	1.49%
Average Time to Vest	2 years	1 years
Grant Date	19/4/2018	
Final Date	19/3/2019	
Exercise Price	0.25p	
Share Price	0.13p	
Expected Volatility	98%	
Expected Dividend Yield	n/a	
Risk Free Rate	1.49%	
Average Time to Vest	1 years	

The total fair value of the warrants granted in the period was £83,036 (2017: £70,354). The net charge recognised in the statement of comprehensive income for share warrants was £68,127 (2017: £68,581).

19. Capital commitments

There were no capital commitments at 30 September 2018 or 30 September 2017.

20. Share-based payment

On 15 August 2011, the Company granted to the Directors and other individuals options over a total of 19,500,000 ordinary shares of 0.1p each, at a price of 1 penny per share as disclosed in the announcement dated 16 August 2011. 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 7,500,000 options have lapsed.

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 5,695,000 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 19,190,000 options have lapsed.

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. The options will lapse on the fifth anniversary of the date of issue.

Details of the Options are as follows:

2018 Holder	**Options held at 1 October 2017**	**Number of new options granted in the year**	**Number of options forfeited in the year**	**Options held at 30 September 2018**	**Option price**
Tony Sanders	15,352,000	-	-	15,352,000	1p
	6,666,668	-	-	6,666,668	0.1p
	1,666,667	-	-	1,666,667	1.25p
	1,666,667	-	-	1,666,667	1.75p
Kevin Everett	3,582,000	-	-	3,582,000	1p
	7,777,778	-	-	7,777,778	0.1p
Others	60,685,000	-	1,022,000	59,663,000	1p
	2,000,000	-	-	2,000,000	1.5p
	63,816,336	-	-	63,816,336	0.1p
Total	**163,213,116**	**-**	**-**	**162,191,116**	

20. Share-based payment (continued)

2017 Holder	Options held at 1 October 2016	Number of new options granted in the year	Number of options forfeited in the year	Options held at 30 September 2017	Option price
Tony Sanders	15,352,000	-	-	15,352,000	1p
	6,666,668	-	-	6,666,668	0.1p
	1,666,667	-	-	1,666,667	1.25p
	1,666,667	-	-	1,666,667	1.75p
Kevin Everett	3,582,000	-	-	3,582,000	1p
	7,777,778	-	-	7,777,778	0.1p
Others	69,406,000	-	8,721,000	60,685,000	1p
	4,255,000	-	2,255,000	2,000,000	1.5p
	63,816,336	-	-	63,816,336	0.1p
Total	**174,189,116**	**-**	**10,976,000**	**163,213,116**	

At 30 September 2018, 78,260,782 options were exercisable; the remainder were not exercisable due to the mid-market share price of the Company in the period (30 September 2017: 78,260,782). At this date, the weighted average contractual life of the outstanding options was 4.1 years (30 September 2017: 5.1 years).

There were no share options exercised during the year (2017: 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:

Options granted on 15 August 2011	
Weighted average share price (pence)	0.95p
Weighted average exercise price (pence)	1p
Option life (years)	1
Risk free interest rate (%)	2
Dividend yield	0
Volatility (%)	60

Options granted on 13 December 2012	
Weighted average share price (pence)	0.7p
Weighted average exercise price (pence)	1.5p
Option life (years)	1
Risk free interest rate (%)	2
Dividend yield	0
Volatility (%)	60

Options granted on 27 March 2015		
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

Options granted on 23 August 2016	
Exercise price (pence)	0.1p
Share price (pence)	0.625p
Expected volatility (%)	91%
Expected dividend yield	n/a
Risk free rate	1.33%
Average time to vest (years)	10 years

Options granted on 23 August 2016		
Exercise price (pence)	1.25p	1.75p
Share price (pence)	0.625p	0.625p
Expected volatility (%)	91%	91%
Expected dividend yield	n/a	n/a
Risk free rate	0.07%	0.07%
Average time to vest (years)	2 years	2 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 (2017: £nil). The amount debited to the statement of comprehensive income for share options was £nil (2017: £nil). The combined total fair value of the options and warrants granted in the period was £83,036 (2017: £70,354) and the combined amount debited to the statement of comprehensive income was £68,126 (2017: £68,581).

21. Transactions with Directors and other related parties

Other transactions with Directors

As stated in note 14 to the accounts a total of £99,180 (2016: £98,842) is due to certain Directors as unpaid remuneration.

Related Party relationship	Transaction amount		Payments (to) / from related parties		Balance owing / owed	
	2018	2017	2018	2017	2018	2017
	£	£	£	£	£	£
Purchases from companies in which Directors or their immediate family have a significant controlling interest	8,077	960	(20,545)	(960)	-	12,468
Amounts lent to the Company by immediate family members of the Directors	-	60,000	(96,000)	60,000	-	96,000
Amounts lent to the Company by the Directors or companies in which Directors or their immediate family have a significant controlling interest	-	-	152,179	-	152,179	-
Sales to joint venture companies	131,453	-	-	-	131,453	-
Amounts lent to joint venture companies	63,672	-	-	-	-	-

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

22. Retirement benefit schemes

During the year, £756 was paid to a retirement benefit scheme on behalf of Directors (2017: £613).

23. Operating lease rental commitments

At 30 September 2018, the Company had commitments under operating leases as follows:

	30 Sept 2018 Land and buildings	30 Sept 2017 Land and buildings
	£	£
Within one year	3,580	10,500
More than one year	-	-
	3,580	**10,500**

24. Notes supporting the cash flow statement

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

	2018 £	2017 £
Cash available on demand	49,105	749,818
	49,105	**749,818**

25. Events after the reporting period

Subscriptions and funding

On 1 November 2018, the Company agreed to issue 500,000,000 ordinary shares at a price of 0.12 pence per share for a cash consideration of £524,945 and for settlement of outstanding trade payables of £75,055.

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