Annual Report & Financial Statements

Year Ended 30 September 2019

Company No. 04689130

Catenae Innovation Plc

Annual report and financial statements for the year ended 30 September 2019

Contents

Catenae Innovation Plc *is referred to in this document as “Catenae” or the “Company”.*

Chairman's Statement

Business and performance review

The trading year was challenging as the Company fought for greater market share against the backdrop of slowing market activity caused by the lack of political certainty produced by Brexit. With the under-achievement of significant sales, the Company managed its finances prudently by further streamlining its operations and significantly reduced its cash burn, leading to the stabilisation of the Company through further consolidation.

The past 12 months have seen Charlton Athletic Community Trust move into year two of its three-year contract with the Company and FireDoor Guardian Ltd. progress into its second contract year with the Company.

Board changes

In July 2019 Tony Sanders, the former Chief Executive Officer and Chairman, stepped down as a director of the Company and Guy Meyer, the Business Development Director at the time, assumed the role of Interim Chief Executive Officer. For corporate governance best practice, Kevin Everett was appointed Interim Non-Executive Chairman. Anthony Flynn also joined the Board in July 2019 and resigned in December 2019.

On 24 April 2020, Kevin Everett stepped down from the Board, and was replaced by Brian Thompson as Non-executive Chairman. John Farthing, the Company's Chief Financial Officer, also joined the Board on 24 April 2020.

Financial Overview

The Company had a net loss for the year of £825,230 (2018: £1,106,788). Revenues for the year were £102,549 (2018: £157,218).

The Company has a statement of financial position at the year-end showing net liabilities of £727,077 (2018: £891,929).

On 26 March 2020, the Company announced it had agreed a loan facility of £150,000 from Brian Thompson.

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

Working capital and fund raisings

During the year, the Company issued 1,145,000,000 new ordinary shares for a total gross consideration of £1,245,000, of which £1,122,810 was received in cash and £122,190 to settle existing liabilities.

Post period end:-

On 31 January 2020 the Company significantly improved its balance sheet through agreeing the settlement of £404,250 of liabilities by converting them into 36,750,000 new ordinary shares in the Company, also on that date the Company also raised £153,000 through the issue of 38,250,000 new ordinary shares.

On 14 May 2020, the Company raised £320,000 through the subscription of 320,000,000 new ordinary shares

On the 21 May 2020 the Company raised £25,000 through the subscription of 6,250,000 new ordinary shares and a further £65,485 of liabilities were converted into 3,341,057 new ordinary shares.

On 10 June 2020, the Company raised £187,500 through the exercise of a warrant over 15,000,000 new ordinary shares and on the same date £35,000 of liabilities were converted into 2,083,333 new ordinary shares.

On 12 June 2020, £47,000 of liabilities were converted in 2,350,000 new of new ordinary shares concurrent with the raising of £703,000 through the subscription of 37,500,000 new ordinary shares.

All of the above actions, along with a significant reduction in operating costs, have given the Company the strongest balance sheet in recent history with approximately £1,046,000 in cash at the bank on 26 June 2020.

COVID-19

Notwithstanding the current market developments in relation to the spread of COVID-19 and its impact on the global economy, the Company has confidence in its business continuity arrangements. At the end of January 2020, the Company had reduced its rental contract to zero cost by having all employees working remotely. Currently, where needed, all business meetings are held using video conferencing platforms. The Company sees that for the foreseeable future, this will now be standard operational practice.

Summary

The new Board saw that the stabilisation of the business was critical in getting the Company to a position where it could reset its business strategy. The Company is focused on seeking new opportunities that give shareholders the best chance of a return on their investments.

The Board is pleased that the business has finally reached a point where the legacy challenges that it inherited are now well and truly behind it, giving the Company the bandwidth to focus on the future.

Brian Thompson
Chairman
26 June 2020

Board of Directors

Directors as at 26th June 2020

Brian Thompson, Non-Executive Chairman
appointed as Non-Executive Chairman 24 April 2020

Edward Guy Meyer, Interim Chief Executive Officer
appointed as Interim CEO 17 July 2019, Business Development Director, 19 September 2017

John Farthing, Chief Financial Officer
appointed as Executive Director, 24 April 2020

Company Secretary

John Farthing
appointed 31 August 2019

Company Information

Registered in England
Company no: 04689130

Auditors: MAH, Chartered Accountants

154 Bishopsgate, London EC2M 4LN

Nominated Adviser: Cairn Financial Advisers LLP

Cheyne House, 62-63 Crown Ct, Cheapside, London, EC2V 6AX

Brokers: Brandon Hill Capital Limited

1 Tudor Street, London EC4Y 0AH

Registrars: **Link Asset Services**

The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU

Registered office: Catenae Innovation Plc, 27 Old Gloucester Street, London WC1N 3AX

Trading Address: Catenae Innovation Plc, 26/27 Lansdowne Terrace, Newcastle NE3 1HP

Telephone:+44 (0)191 580 8545

Email:enquiries@catenaeinnovation.com

Website:www.catenaeinnovation.com

Strategic Report for the year ended 30 September 2019

Results and dividends

The results of the Company for the year are set out on page 15 of this report and show the loss for the year of £825,230 (2018: £1,106,788) with total revenues of £102,549 (2018: £157,218). The Directors are unable to recommend the payment of a dividend (2018: 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 a decrease in revenues. This process will continue as the Board implements new financial and non-financial performance indicators to ensure control of central costs continues to ensure the future profitability of each of the projects going forward.

Financial instruments and principal risks and uncertainties

The Company had £223,905 of loans outstanding at the year-end (2018: £315,662). 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 fund-raises 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 £727,077 (2018: £891,929) 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 judgements 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

Brian Thompson
Chairman
26th June 2020

Report of the Directors for the year ended 30 September 2019

The Directors present their report together with the audited financial statements for the year ended 30 September 2019.

Directors in the year

Edward Guy Meyer, Interim CEO effective 17 July 2019, previously Business Development Director

Kevin Everett (resigned 20 April 2020), Non-Executive Chairman

Anthony Michael Flynn (appointed 17 July 2019, resigned 23 December 2019) Non-Executive Director

Anthony Sanders (resigned 17 July 2019), CEO and Chairman

Brian Thompson (appointed 24 April 2020), Non-Executive Chairman

John Farthing (appointed 24 April 2020),Chief Financial Officer

Substantial shareholdings

So far as the Company is aware and subject to any new notifications received after 26 June 2020, 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 26 June 2020	
Brian William Thompson	31,318,797	(15.40%)
Anthony Leonard Daltrey	13,656,818	(6.71%)
Steven John King	10,756,384	(5.29%)

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 recognises the importance of good corporate governance and seeks to apply the QCA Code.

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.

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.

The changes in the Board are detailed above. 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 who held office during the year is summarised below:

	Attendance	**Total Possible**
Anthony Sanders	10	10
Edward Guy Meyer	12	12
Kevin Everett	12	12
Anthony Michael Flynn	3	3

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

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

Edward Guy Meyer, Interim CEO, formerly 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.

Brian Thompson, Non-Executive Chairman

Brian is an entrepreneur and is the founder owner of Newcastle-based B.T.I.C. Ltd, a successful business that has operated in the insurance industry since 1985. He is also a director of Third Eye Neurotech Ltd. Brian was appointed to the board on 24th April 2020.

John Farthing, Chief Financial Officer

John qualified as a Chartered Accountant in 1988. Following a career in stockbroking, John has experience working with both UK listed as well as private companies. John is also a Chartered Fellow of the Chartered Institute for Securities & Investment and a Liveryman of the Worshipful Company of World Traders. John was appointed to the board on 24th April 2020.

Kevin Everett, Former Non-Executive Chairman (resigned 24 April 2020)

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.

Anthony Michael Flynn, Former Non-Executive Director (resigned 23 December 2019)

Mr. Flynn worked at de Zoete & Bevan in their Brokerage division, then in 1986 became a Director of Equities at BZW in London and finally in 1998 as Founder & CEO he set up XBZ Ltd. - a successful boutique Derivatives and Brokerage firm.

XBZ specialised in providing advice, price discovery and the execution of pan European Equity Derivatives to Financial Institutional clients, Inter Dealer Brokers (IDB), large proprietary Traders and Hedge Funds. The firm was recognised as one of the major sources of volume in each derivative exchange.

Mr. Flynn completed the final disposal of his holdings in XBZ in 2015. In the intermediary years he has provided consultancy services to SMEs in various capacities covering structural, financial and corporate governance.

Anthony Sanders, Former Technical and Development Director, Former Chief Executive Officer and Former Chairman (resigned 17 July 2019)

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.

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.

MAH, Chartered Accountants 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

Brian Thompson
Chairman
26th June 2020

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 for the year ended 30 September 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as regards to the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2019 and of the company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

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.

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 £27,000. 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 2.5% of total expenditure as presented on the face of the Statement of comprehensive income.

An overview of the scope of our audit

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

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

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

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial 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.

MHaque

Mohammed Haque
Senior Statutory Auditor

For and on behalf of
MAH Chartered Accountants
Statutory Auditors
154 Bishopsgate
London
EC2M 4LN

Date: 26 June 2020

Statement of comprehensive income for the year ended 30 September 2019

	Note	2019 £	2018 £
Revenue	3	**102,549**	**157,218**
Cost of sales		-	-
Gross profit		**102,549**	**157,218**
Administrative expenses	5	(1,072,233)	(1,282,027)
Loss from operations		**(969,684)**	**(1,124,809)**
Net finance expense	7	(1,412)	(2,460)
Loss before taxation		**(971,096)**	**(1,127,269)**
Taxation credit	9	145,866	20,481
Loss from continuing operations		**(825,230)**	**(1,106,788)**
			-
Total comprehensive loss for the year		**(825,230)**	**(1,106,788)**
Basic and diluted loss per share (pence)	11	**(0.03)**	**(0.06)**

The notes on pages 19 to 39 form part of these financial statements.

Statement of financial position at 30 September 2019

	Note	2019 £	2018 £
Non-current assets			
Intangible assets		1	1
Investments	12	0	10
		1	**11**
Current assets			
Trade and other receivables	13	22,948	48,864
Cash and other equivalents		29,508	49,105
		52,456	97,969
Current liabilities			
Trade and other payables	14	(555,629)	(674,247)
Interest bearing loans	15	(223,905)	(315,662)
		(779,534)	**(989,909)**
Net (liabilities)		**(727,077)**	**(891,929)**
Capital and reserves			
Share capital	17	3,223,601	2,078,601
Share premium account		17,031,971	16,999,644
Shares to be issued		-	187,245
Share reserve		(83,333)	(83,333)
Merger reserve		11,119,585	11,119,585
Capital redemption reserve		2,732,904	2,732,904
Retained losses		(34,751,805)	(33,926,575)
Shareholders' funds		**(727,077)**	**(891,929)**

The financial statements were approved by the Board and authorised for issue on 26 June 2020

Brian Thompson
Chairman

The notes on pages 19 to 39 form part of these financial statements.

Statement of cash flows for the year ended 30 September 2019

Cash flow from operating activities	2019	2018
	£	£
Loss for the year	**(825,230)**	**(1,106,788)**
Adjustments for:		
Amortisation of intangible assets	-	-
Net bank and other interest charges	1,412	2,460
Services settled by the issue of shares	120,055	317,513
Issue of share options and warrants charge	-	68,126
Net cash outflow before changes in working capital	**(703,763)**	**(718,689)**
(Increase)/Decrease in trade and other receivables	(6,000)	28,272
(Decrease) / Increase in trade and other payables	(182,976)	(411,961)
Cash outflow from operations	**(892,739)**	**(1,102,378)**
Interest received	88	15
Interest paid	(1,500)	(2,475)
Net cash flows from operating activities	**(894,151)**	**(1,104,838)**
Investing activities		
Investment in joint venture	-	(10)
Net cash flows from investing activities	**-**	**(10)**
Financing activities		
Issue of ordinary share capital	967,810	381,500
Repayment of loan	(245,937)	(375,090)
New loans raised	152,681	397,725
Net cash flows from financing activities	**874,554**	**404,135**
Net (decrease) / increase in cash	**(19,597)**	**(700,713)**
Cash and cash equivalents at beginning of year	49,105	749,818
Cash and cash equivalents at end of year	**29,508**	**49,105**

The notes on pages 19 to 39 form part of these financial statements.

Statement of changes in equity for the year ended 30 September 2019

	Share Capital	Share Premium	Shares to be issued	Other Reserves	Retained Earnings	Total Equity
	£	£	£	£	£	£
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)
Loss for the year					(825,230)	(825,230)
Share capital issued	1,145,000	100,000	(187,245)	-	-	1,057,755
Share issue costs	-	(67,673)	-	-	-	(67,673)
Balance at 30 Sept 2019	**3,223,601**	**17,031,971**	**-**	**13,769,156**	**(34,751,805)**	**(727,077)**

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

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

The notes on pages 19 to 39 form part of these financial statements.

Notes to the financial statements for the year ended 30 September 2019

The principal activity of Catenae Innovation Plc 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 moved after the year ended to 26-27 Lansdowne Terrace, Gosforth, Newcastle Upon Tyne, NE3 1HP.

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

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

1. Principal accounting policies

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

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations (collectively 'IFRSs') as adopted for use in the European Union and as issued by the International Accounting Standards Board and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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 2019, being the Company's financial year-end, was £727,077 (2018: £891,929). Subsequent to the reporting date, the Board has been able to agree funding in the form of further share issues raising £1.4m in cash and clearing £0.6m worth of creditors through share issue.

The Directors note that the World Health Organisation declared a pandemic relating to COVID-19 on 11 March 2020, and social distancing measures were introduced in the UK during March 2020. The Directors have assessed the impact of incorporating additional COVID-19 risk factors in the Going Concern assessment over a period of 18 months after the signing of these financial statements.

Key assumptions considered by management when assessing going concern include adjusting managements best estimate of forecasted performance for factors including the length and extent of current lockdown restrictions, the resulting general business environment, the speed of recovery of trading after lockdown restrictions ease and utilisation of relevant government support schemes. These have been estimated for their respective impacts on the Company's revenues, fixed and variable costs and resultant expected cash flow requirements.

The Company 's forecasts and projections, taking into account reasonable estimate of a possible downturn in trading performance arising from the COVID-19 outbreak, show that the Company has sufficient financial resources for the going concern period. The Company does not believe that the COVID-19 outbreak represents a material uncertainty about the entity's ability to continue as a going concern. Accordingly, the Directors have adopted the going concern basis in preparing these consolidated financial statements.

Revenue recognition

The Company provides software licencing and support services.

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

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

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

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

(i) Software licencing contracts

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

(ii) Ongoing support and maintenance contracts

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

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the 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 assets

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

Loans and receivables

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

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

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

Financial liabilities

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

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

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

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

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

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

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

The following standards and interpretations to published standards have been adopted during the year and have had a significant impact on the company's accounting policies:

New standard or interpretation	*EU Endorsement status*	*Mandatory effective date*
IFRS 15 Revenue from contracts with customers	Effective	1 January 2018
IFRS 9 Financial Instruments	Effective	1 January 2018

IFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. IFRS 15 replaces IAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specified the accounting for construction contracts.

IFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Under IAS 18, revenue arising from construction contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. IFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

New and amended Standards and Interpretations adopted by the Company (continued)

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

(i) Software licencing contracts (within the scope of IFRS15)

Revenue from software licencing contracts is recognised when the customer takes possession of and accepts the software licence products which is the point in time when the customer has the ability to direct the use of the product and obtain substantially all of the benefits of the products. Revenue for software licencing contracts was recognised over the licence term in the comparative period under IAS18.

(ii) Ongoing support and maintenance contracts (within the scope of IFRS15)

Revenue from ongoing support and maintenance contracts is recognised over the contractual term when the customer simultaneously receives and consumes the benefits provided by the company's performance, as the company performs. Revenue from ongoing support and maintenance contracts was recognised on the same basis in the comparative period under IAS18.

IFRS 9 has not had any material impact on the Company's financial performance or position since adoption.

New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 October 2018

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 16 Lease, effective date 1 January 2019 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 completes the IASB's project to improve the financial reporting of leases and replaces the previous leases Standard, IAS 17 Leases, and related Interpretations.

IFRIC 23 "Uncertainty over Income Tax Treatments", effective date 1 January 2019 clarifies application of recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

IFRS 17 "Insurance Contracts", effective date 1 January 2021 applies a model that combines a current balance sheet measurement of insurance contracts with recognition of profit over the period that services are provided.

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

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the 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. This was highlighted when the Directors attempted to liquidate Trust in Media Ltd during the year but were prevented by the other shareholder.

Estimates

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

3. Segment and revenue analysis

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

The 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.

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

	2019	**2018**
	£	**£**
Timing of revenue recognition:		
At a point in time	91,280	157,218
Over time	11,269	-
Total revenue	102,549	157,218

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 was not successful and a licensor Seed Media Ltd entered liquidation on 25 October 2018. Martin Heath resigned as a director of Trust in Media on 22 November 2018. The Board of Trust in Media subsequently called a shareholders' meeting to liquidate Trust in Media to be held on 18 June 2019 but Mr Heath declined to attend and the meeting was inquorate. In October 2019, HMRC wrote to Trust in Media claiming historic liabilities from 2004-2009. HMRC have taken action to seek a winding-up order which is due to be held at the High Court on 29 July 2020. No accounts have been prepared since 30 September 2018 and the investment has been written off.

5. Administrative expenses

The following amounts are included within administrative expenses:

	2019 £	2018 £
Auditors' remuneration:		
Fees payable to the Company's auditor:		
For the audit of the Company's annual accounts	14,000	31,000
Fees for taxation compliance services	1,000	4,850
Staff costs (note 6)	443,078	616,409

6. Directors and staff

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

	2019 £	2018 £
Wages and salaries	409,821	553,124
Social security costs	30,628	60,685
Pension costs	2,629	2,600
	443,078	**616,409**

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

	2019 £	2018 £
Sales, distribution and technology	2	3
Directors and administration	3	6
	5	**9**

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

	2019 £	2018 £
Anthony Sanders (resigned 18 July 2019 but notice included to year end)	108,300	114,000
Edward Guy Meyer	90,000	90,577
Kevin Everett	24,000	24,000
Anthony Flynn	14,500	-
Total Directors emoluments	**236,800**	**228,577**
Employers national insurance, employers pension and share option / warrant charges for key management personnel (including directors)	30,628	31,274
	267,428	**259,851**

6. Directors and staff (continued)

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

During the prior year, the Company issued warrants to certain Directors, creating a charge of £nil (2018: £2,677).

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

	2019 £	2018 £
Bank interest receivable	88	15
Loan Interest payable	(1,500)	(2,475)
	(1,412)	**(2,460)**

8. Discontinued operations

There were no discontinued operations during the year.

9. Tax on loss

	2019 £	2018 £
Loss before tax	(971,096)	(1,127,269)
Loss at the standard rate of corporation tax in the UK of 19% (2018: 19%)	(184,508)	(214,181)
Effects of:		
Expenses not deductible for tax purposes	9,017	552
R&D tax credit	145,866	20,481
Unutilised tax losses and other deductions	175,491	214,733
Total tax credit in the year	**145,866**	**20,481**

Deferred tax assets of approximately £2.5m (2018: £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 Company has unutilised tax losses of approximately £13.2m (2018: £12.8m) that would be available to carry forward against future profits from the same activity, subject to agreement by HM Revenue & Customs.

10. Dividend

No dividends have been paid or proposed in the year (2018: £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 1,027,764,797 share warrants outstanding at the year-end (2018: 162,191,116 and 432,764,797). However, the figures for 2019 and 2018 have not been adjusted to reflect conversion of these share options, as the effects would be anti- dilutive.

			2019			2018
	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	(825,230)	2,887,505,762	(0.03)	(1,106,788)	1,905,297,999	(0.06)

12. Investments

	Investments £	Total £
Cost		
At 1 October 2018	10	10
Disposal in year	(10)	(10)
At 30 September 2019	-	-
Net book value		
As at 30 September 2018	10	10
As at 30 September 2019	**-**	-

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

Joint Ventures & Subsidiaries as at 30 Sept 2019	Registered Address	Class of Shares	Total Number of Shares in issue at 30 Sept 2019	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 – dissolved post year end)	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

	2019	2018
	£	£
Trade receivables	6,000	-
Other receivables	16,948	48,864
	22,948	**48,864**

Trade receivable days at the year-end were 21 days (2018: 0 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 £24,617 (2018: £159,902). No amounts included within trade and other receivables are expected to be recovered in more than one year (2018: £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.

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

	2019	2018
	£	£
Past due		
More than 29 days	6,000	-
	6,000	**-**

14. Trade and other payables

	2019	2018
	£	£
Trade payables	315,558	252,304
Other payables	27,951	39,467
Taxation and social security	23,155	191,930
Accruals and contract liabilities	188,965	190,546
	555,629	**674,247**

Included in accruals and deferred income are amounts of £46,500 (2018: £99,180) 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 contract liabilities there is £1,421 (2018: £7,270), which relates to the residual proportion of annual fees remaining at the year-end.

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

	2019	2018
	£	£
Loans	223,905	315,662
	223,905	**315,662**

Of these loan balances, £208,905 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 £1,500 (2018: £2,475).

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.

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 £223,905 at the year-end (2018: £315,662).

Liability maturity analysis

2019	Repayable on demand or within 1 month	Between 1 month and 6 months	Between 6 months and 1 year
	£	£	£
Trade creditors	315,558	-	-
Other creditors	27,913	-	-
Interest bearing loans	223,905	-	-

2018	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	-	-

Within interest bearing loan balances at the year-end, there are £120,000 worth of convertible loans (2018: £120,000). 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

	2019	2018
	£	£
Allotted, called up and fully paid		
3,223,601,652 (2018: 2,078,601,652) ordinary shares of 0.1p (2018: 0.1p) each	3,223,601	2,078,601
	3,223,601	**2,078,601**

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 the settlement of an outstanding creditor balance of £75,055.

On 5 March 2019, the Company agreed to issue 595,000,000 ordinary shares at a price of 0.1 pence per share for a cash consideration of £575,000 and for the settlement of an outstanding creditor balance of £20,000.

On 28 May 2019, the Company agreed to issue 50,000,000 ordinary shares at a price of 0.1 pence per share for the settlement of outstanding creditor balances of £18,700.

Transaction costs of £67,673 were recorded against the share premium in the year.

18. Share warrants

At 30 September 2019, the Company had the following equity settled warrants in issue:

	Date warrant granted	Number of warrants outstanding as at 1 Oct 2018	Warrants granted during the year	Shares forfeited / expired / waived / exercised during the year	Warrants outstanding as at 30 Sept 2019	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	105,000,000	-	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
	05/3/2019	-	575,000,000	-	575,000,000	0.125p

On 5 March 2019, the Company issued warrants to placing investors over a total of 575,000,00 ordinary issued at an exercise price of 0.125p which may be exercised up to three years from the date of issue. If exercised, the warrant holder will be entitled to receive a further warrant exercisable at 0.15p which may be exercised for a further two-year period. No warrants have been exercised and given the change in the share price the additional warrants have not been included in the valuation.

The weighted average contractual life of the outstanding warrants at 30 September 2019 was 2.3 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	5/4/2019
Final Date	5/4/2022
Exercise Price	0.125p
Share Price	0.1p
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 £11,221 (2018: £83,036). The net charge recognised in the statement of comprehensive income for share warrants was £nil (2018: £68,127).

19. Capital commitments

There were no capital commitments as of 30 September 2019 or 30 September 2018.

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

20. Share-based payment (continued)

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:

2019 Holder	Options held at 1 October 2018	Number of new options granted in the year	Number of options forfeited in the year	Option s held at 30 September 2019	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	59,663,000	-	-	59,663,000	1p
	2,000,000	-	-	2,000,000	1.5p
	63,816,336	-	-	63,816,336	0.1p
Total	**162,191,116**	**-**	**-**	**162,191,116**	

20. Share-based payment (continued)

2018 Holder	Options held at 1 October 2017	Number of new options granted in the year	Number of options forfeited in the year	Option s 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**	**-**	**1,022,000**	**162,191,116**	

At 30 September 2019, 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 2018: 78,260,782). At this date, the weighted average contractual life of the outstanding options was 3.1 years (30 September 2018: 4.1 years).

There were no share options exercised during the year (2018: 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

20. Share-based payment (continued)

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 necessarly 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 (2018: £nil). The amount debited to the statement of comprehensive income for share options was £nil (2018: £nil). The combined total fair value of the options and warrants granted in the period was £11,221 (2018: £83,036) and the combined amount debited to the statement of comprehensive income was £nil (2018: £68,126).

21. Transactions with Directors and other related parties

Other transactions with Directors

As stated in note 14 to the accounts a total of £46,500 (2018: £99,180) is due to certain Directors as unpaid remuneration.

Related Party Relationship	Transaction amount		Payments (to) / from related parties		Balance owing / owed	
	2019	2018	2019	2018	2019	2018
	£	£	£	£	£	£
Sales/(Purchases) from companies in which Directors or their immediate family have a significant controlling interest	54,000	(8,077)	64,800	(20,545)	-	-
Amounts lent to the Company by immediate family members of the Directors	-	-	-	(96,000)	-	-
Amounts lent to the Company by the Directors or companies in which Directors or their immediate family have a significant controlling interest	-	-	(150,456)	152,179	29,648	152,179
Sales to joint venture companies	-	131,453	-	-	-	131,453
Amounts lent to joint venture companies	26,617	63,672	-	-	-	-

All amounts owing to related parties are payable on demand with no interest accruing. During the year an expense of £24,617 (2018 £221,415) was recognised in respect of bad debts due from joint venture companies.

22. Retirement benefit schemes

During the year, £1,086 was paid to a retirement benefit scheme on behalf of Directors (2018: £756).

23. Operating lease rental commitments

At 30 September 2019, the Company had commitments under operating leases as follows:

	30 Sept 2019 Land and buildings	30 Sept 2018 Land and buildings
	£	£
Within one year	850	3,580
	850	3,580

24. Notes supporting the cash flow statement

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

	2019 £	2018 £
Cash available on demand	29,508	49,105
	29,508	**49,105**

25. Events after the reporting period

Subscriptions and funding

After the year end the Company raised £1,388,502 of cash through the subscription of share issues and a further £551,735 of liabilities were converted into shares.

On 19 December 2019, the Company agreed to issue 48 ordinary shares at a price of 5 pence per share for a cash consideration of £2.

On 23 December 2019, the Company undertook a share consolidation of 3,223,601,700 ordinary shares at a price of 0.1 pence per share into 32,236,017 ordinary shares at a price of 1 pence per share.

On 31 January 2020, the Company agreed to issue 38,250,000 ordinary shares at a price of 0.4 pence per share for a cash consideration of £153,000 and to issue 36,750,000 ordinary shares at a price of 1.1 pence per share for settlement of outstanding creditors of £404,250.

On 26 March 2020, the Company obtained a loan facility of £150,000 from B.T.I.C. Limited.

On 14 May 2020, the Company agreed to issue 32,000,000 ordinary shares at a price of 1 pence per share for a cash consideration of £320,000.

On 21 May 2020, the Company agreed to issue 6,250,000 ordinary shares at a price of 0.4 pence per share for a cash consideration of £25,000 and to issue 3,341,057 ordinary shares at a price of 1.96 pence per share for settlement of outstanding creditors of £65,485.

On 10 June 2020, the Company agreed to issue 15,000,000 ordinary shares at a price of 1.25 pence per share for a cash consideration of £187,500 and to issue 2,083,333 ordinary shares at a price of 1.68 pence per share for settlement of outstanding creditors of £35,000.

On 12 June 2020, the Company agreed to issue 35,150,000 ordinary shares at a price of 2 pence per share for a cash consideration of £703,000 and to issue 2,350,000 ordinary shares at a price of 2 pence per share for settlement of outstanding creditors of £47,000.

CATENAE INNOVATION

A: Catenae Innovation Plc, 27 Old Gloucester Street, London WC1N 3AX
T: +44 (0) 191 580 8545
E: enquiries@catenaeinnovation.com