Acuity RM Group plc

Building Value in Technology

Acuity RM Group plc

Report and Accounts

For the year ended

31 December 2023

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Strategic Report

Chairman's Statement

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

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

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

and for the Group's shareholders:

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

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

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

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

Board changes

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

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

Outlook

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

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

Angus Forrest

Executive Chairman

12 June 2024

Chief Executive's Report

Overview

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

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

Operating review

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Kerry Chambers

Chief Executive

Acuity Risk Management Ltd

12 June 2024

Principal Risks and Uncertainties

The management of the business and the nature of the Group's strategy are subject to risks. The Directors set out below the principal risks identified for the business. Where possible, processes are in place to identify and manage such risks.

The Group operates systems of internal control and reporting to provide assurance that the Board is managing risk whilst achieving its business objectives. No system can fully eliminate risk and, therefore, the understanding of operational risk is central to the management process.

To enable shareholders to appreciate what the business considers are the main operational risks, they are briefly outlined below:

	Risk	Potential impact	Mitigation
Performance risk	The Group fails to perform to budget.	It may need additional funding.	Monthly reports and meetings monitor performance of all important facets of the business
	Progress of development is below forecast.	Value creation may be delayed.	The Group focuses on PIs and takes action to manage any deviation and revert to plan.
Reliance on one or a few customers	A material proportion of revenues are lost	This is a risk all growing businesses face and it could impact cash generation and profitability	Orders are usually for multi year contracts and the number of larger clients is increasing. The Group operates on a lean cost structure to minimise any such impact.
Reliance on people	The Group is not able to retain key individuals with critical skills	The performance of the Group may deviate from plan.	The key executives are rewarded through a combination of competitive salary and incentive plans.
Market change	Downturn or instability of market	Slow new order wins and reduced growth	The Group sells multi-year contracts, so ensuring a certain level of future revenues. ESG and GRC are growing markets driven by legislation, regulation and best practice. STREAM® is very flexible so can be configured to measure a wide range of risks
Cybersecurity	Loss of data or damage to data	Damage to credibility and customer confidence	Acuity uses leading global services with advanced security, to hold data and has accredited processes and systems in place.
Technology	A new product is launched by a competitor	Greater technical competition.	The market is large and STREAM® is well liked by analysts and users The Group is developing new technology and product to continue to offer best in class.
Liquidity	The Company cannot raise new funds.	The Croup may not be able to finance the growth and change as planned. May impact the Group's ability to fund its operational costs.	The Group engages the services of brokers to assist with fund raising equity and loan as appropriate. The Group intends to maintain material cash balances. The Group may take actions to reduce its cost base.
Legal, regulatory and political risk	The Group's ability to trade in certain territories.	The Group keeps abreast of regulatory and other changes which may affect the Group	The Group seeks regular updates on matters which may impact the legal and regulatory framework. It is increasing its sales in overseas markets. The Group liaises regularly with its relevant advisers.
Natural or other widespread disasters	The effect of the disasters are uncertain and each one is dealt with appropriate action.	The impact of disaster is likely to be slower growth and more difficulty making sales.	Software as an industry allows employees to work flexibly to an extent that is not available in most other business sectors. Product development, marketing, sales and general management can all be carried out remotely.
Interest rates	Significant upward changes in interest rates.	May affect the ability to raise new funds.	At present, the Group has minimal borrowings and intends to maintain a significant cash balance

Governance

Chairman's Introduction to Governance

As Chairman of the Company, I have overall responsibility for ensuring that corporate governance is embedded within the business. Corporate governance is at the heart of this organisation in order to maintain integrity and to ensure we govern effectively such that we can deliver long-term value for our shareholders.

The Company has chosen to adopt the Quoted Companies Alliance's Corporate Governance Code 2018 (the "QCA Code"), and has updated its website to include additional disclosures required by the QCA Code and the AIM Rules for Companies 2022.

The Board recognises the importance of sound corporate governance and applies the ten principles of the QCA Code insofar as reasonably practicable, given the Company's nature and size. Further details on compliance with the principles are provided below. The Company's priority is to generate value for shareholders through developing the Acuity Risk Management Ltd business as explained on page 2 of this report. The Board believes that the QCA Code provides the Company with a practical and rigorous corporate governance framework to support this strategy and the Company's success. The QCA Code sets out 10 principles which are listed below together with a short explanation of how the Company applies each of the principles:

Principle One – Business Model and Strategy

The Board decided in 2022 that the Company's business model and strategy should change from being an investing company to a trading company for reasons explained in the Chairman's statement on page 1 of this report. The acquisition of 100% of Acuity Risk Management Ltd was finalised in April 2023. The business model is now to develop and build the Acuity business organically and potentially by focused acquisition.

Principle Two – Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

Investors also have access to current information on the Company though its website wwwacuityrmgroup.com, and via Angus Forrest, who is available to answer investor relations enquiries (info@acuityrmgroup.com)

Principle Three – Stakeholder Responsibilities

The Board recognises the long term success of the Company is reliant upon the efforts of the employees of the Group and its contractors, suppliers and regulators. The Management reviews performance of Acuity continually and at every Board meeting.

Principle Four – Risk Management

The Board regularly reviews the risks facing the Group and seeks to avoid or mitigate those risks as appropriate. The Board is responsible for the monitoring of financial performance against budget and forecast and the formulation of the Group's risk appetite including the identification, assessment and monitoring of the principal risks.

In addition to its other roles and responsibilities the Audit and Compliance Committee is responsible to the Board for ensuring that procedures are in place and are being effectively implemented to identify, evaluate and manage any significant risks faced by the Company.

The Directors have established procedures for the purpose of providing a system of internal control. In addition, there are a range of Group policies that are reviewed at least annually by the Board. These policies cover matters including share dealing and insider legislation, conflicts of interest, social media, expenses, treasury, remuneration, risk and compliance. These areas are also included as permanent agenda items for report and review at each regular board meeting. The Board currently takes the view that an internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the directors.

Principle Five – A Well-Functioning Board of Directors

As at 31 December 2023 the Board comprised Angus Forrest, Kerry Chambers and two non-executive directors, John Wakefield and Nick Clark. The Quoted Company Alliance Corporate Governance Code recommends that there should be at least two independent directors. All Directors are encouraged to use their judgement and to challenge matters, whether strategic or operational, enabling the Board to discharge its duties and responsibilities effectively.

The time commitment formally required by the Company is an overriding principle that each director will devote as much time as is required to carry out the roles and responsibilities that the director has agreed to take on. This means that Angus Forrest and Kerry Chambers are full time and that the other directors are part time. Biographical details of the current directors are set out below. Executive and non-executive directors are subject to re-election at intervals of no more than three years. The letters of appointment of all directors are available for inspection at the Company's registered office during normal business hours.

The Board meets regularly and is responsible for formulating, reviewing and approving the Company's strategy, budgets, performance, major capital expenditure and corporate actions. The Board meets at least six times per annum. It has established an Audit Committee and a Remuneration Committee, particulars of which appear hereafter. Meetings are open and constructive, with every Director participating fully. The Board agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee.

Attendance at Board and Committee Meetings

The table on page 8 summarises the number of board and committee meetings held during the year and the attendance record of individual directors:

Board of Directors

Angus Forrest
Executive Chairman

Angus has been an investor in the technology sector for more than 30 years, specialising in business-to-business sales driven companies. Angus was the Chief Executive of investment company, Billam plc which he co-founded, 2000–2006. Billam was the lead investor in Cybit plc, which grew from pre-revenue status to become the leading vehicle telematics business in Europe, through both organic growth and by making selective acquisitions. Billam made 17 investments of which 11 were profitable. Billam changed its name to Energiser Investments in 2008, then to Drumz. Angus is the founder of Acuity RM Group plc (formerly Drumz plc).

John Wakefield
Senior Non-Executive Director

John qualified as a solicitor with McKenna & Co (now CMS) before moving into corporate finance, first with Williams de Broe Limited and then at Rowan Dartington & Co Limited, where he was a founder director and shareholder and head of corporate finance. He was a corporate finance director of WH Ireland Limited until 2016.

He has been a member of the AIM Advisory Group, chairman of the London Stock Exchange Regional Advisory Group for the South West and chairman of South West Angel and Investor Network Limited (SWAIN). John is a non-executive director of Petards Group Plc.

John is chair of the Remuneration Committee and of the Audit Committee.

Nicholas ("Nick") Clark

Non-Executive Director

Nick was appointed as Chief Executive of AIM-listed Aukett Swanke Group plc (LON:AUK) in April 2023 following the acquisition of Torpedo Factory Group Ltd ("TFG"), a company he founded in 1997. ASG is a smart buildings and architecture group formed from a number of acquisitions. Nick is also non-executive joint chairman at Ridgecrest plc, a cash shell.

Prior to starting TFG Nick studied physics at Imperial College graduating with a BSc Hons 2(i), followed by an MPhil in Microelectronic Engineering and Semiconductor Physics at the University of Cambridge.

Nick is a member of the Remuneration Committee and the Audit Committee.

Kerry Chambers*

Executive Director

Kerry is Chief Executive of Acuity Risk Management Ltd. Kerry has over 15 years' experience in building and managing client-facing teams in UK and international markets, accelerating revenue growth through the development of strategic plans, building high performing sales teams and driving operational efficiency.

She joined Acuity Risk Management Ltd in 2021 as commercial director. She became chief executive on 3 July 2023.

* Kerry Chambers was appointed as a director on 3 July 2023.

Corporate Governance Statement

Board composition and independence

The Board is collectively responsible for the long-term success of the Company and for its leadership, strategy, values, control and management. Board meetings are held at such times as are required for effective monitoring of the Company's operations. All Directors commit the time necessary to fulfil their roles, and this position is kept under review. Given the size of the Board and the scale and nature of the Company's business, the Company does not yet have a separate Nominations Committee.

The Board has considerable experience and expertise in the technology sector and the running of publicly traded companies. John Wakefield and Nick Clark are non-executive directors.

Full biographical details of all directors can be found on page 7 and on our website www.acuityrmgroup.com

Board and Committee attendance

During the year, the Board held six scheduled and two unscheduled meetings. The following table shows the attendance of directors at Board and Committee meetings held during the year:

	Board Meetings	Committees	
		Audit	Remuneration
Simon Bennett*	8	2	1
Kerry Chambers*	4	-	-
Nick Clark	8	2	1
Angus Forrest	8	-	-
Nish Malde*	1	-	1
Simon Marvell*	1	-	-
John Wakefield	8	2	1

* Simon Marvell and Kerry Chambers were appointed as directors on 25 April 2023 and 3 July 2023 respectively. Nish Malde, Simon Marvell and Simon Bennett resigned from the Board of the Company on respectively 9 March 2023, 27 June 2023 and 6 October 2023.

Appointment of Directors

The Board deals with all matters relating to the appointment of Directors, including determining the specification, identifying suitable candidates and selection of the appointee. No separate Nomination Committee has yet been formed.

The Articles of Association require each Director to seek re-election after no more than three years in office. The QCA Code recommends that non-executive directors are appointed for a fixed term. The Board considers that shareholders should have the opportunity to vote on the re-appointment of non-executive directors and accordingly each of the present non-executive directors will retire by rotation at least once over the next three years.

Board activities in the year to 31 December 2023

The table on page 13 identifies the matters considered by the Board and notes the consideration given to the key stakeholder groups. One of the focuses for the Board is the impact any decision or action may have on key stakeholder groups represented within the Board's common duty under s172 of the Companies Act 2006. The Board notes the importance of the amount of engagement it has with key shareholder groups and how their respective views may be incorporated into decision making. Whilst considering the necessity of promoting the Company's success for the benefit of its members as a whole, the Board considers the impact of its decisions and policies on key stakeholder groups.

Principle Six – Appropriate Skills and Experience of the Directors

The Company believes that the current balance of skills in the Board as a whole reflects a broad range of personal, commercial and professional skills and a range of financial and managerial skills. The Executive Chairman maintains ongoing communications with the Non-Executives between formal Board meetings.

In addition to their general Board responsibilities, non-executive Directors are encouraged to be involved in having inputs, in line with their individual areas of expertise. The Board is kept abreast of developments of governance and AIM regulations. The Company's NOMAD provides initial training including the AIM Rules as part of a new Director's on boarding, thereafter when there are relevant updates. All Directors develop their skills and capabilities through their continuing experiences.

The Directors have access to the Company's NOMAD, company secretary, lawyers and auditors as and when required and are able to obtain advice from other external bodies when necessary. If required, the Directors are entitled to take independent legal advice and if the Board is informed in advance, the cost of the advice will be reimbursed by the Company.

The Board currently consists of four directors and expects to announce a new Finance Director in the near future.

Principle Seven - Evaluation of Board Performance

The Directors undertook a full Board evaluation to make commercial and practical sense for the year ended 31 December 2023. In the Board meetings/calls, the Directors can discuss any areas where they feel a change would benefit the Company, and the Company Secretary remains on hand to provide impartial advice.

Principle Eight - Corporate Culture

The Board recognises that the decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole and the way that employees behave. A large part of the Company's activities is centred upon what needs to be an open and respectful dialogue with the subsidiary, Acuity. Therefore, sound ethical values and behaviours are important for the Group to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Group does. The Board assessment of the culture within the Group at the present time is one where there is respect for all individuals, there is open dialogue within the Group and there is a commitment to provide the best service possible to all of Acuity's customers and clients. The Company maintains and develops strong processes which promote ethical values and behaviours across all hierarchies.

The Board places great importance on the responsibility of accurate financial statements and auditing standards complying with Auditing Practice Boards (APBs) and Ethical Standards for Auditors. The Board places great importance on accuracy and honesty and seeks to ensure that this aspect of corporate life flows through all that the Group does.

The Board has adopted an anti-corruption and bribery policy which is outlined on the Company's website. The policy which applies to all Directors and employees of the Group and Acuity RM sets out their responsibilities in observing and upholding a zero tolerance position on bribery and corruption, as well as providing guidance to those working for the Group on how to recognise and deal with bribery and corruption issues and the potential consequences.

The Company has adopted a code for directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with rule 21 of the AIM rules.

Principle Nine - Maintenance of Governance Structures and Processes

The Board is committed to, and ultimately responsible for, high standards of corporate governance. The Board reviews the Company's corporate governance arrangements regularly and expects these to evolve over time, in line with the Company's growth. The Board delegates responsibilities to Committees and individuals as it sees fit.

Ultimate authority for all aspects of the Company's activities rests with the Board, with the respective responsibilities of the Independent Director and Executive Chairman arising as a consequence of delegation by the Board. The Board has adopted two statements; the first sets out matters which are reserved to the Board and the second establishes the division of responsibilities between the Chairman and the Chief Executive of Acuity. The Chairman is responsible for the effectiveness of the Board, and primary contact with shareholders has been delegated by the Board to the Executive Chairman, whilst management of Acuity's business, the general day-to-day running of the business and developing corporate strategy, is delegated to the Chief Executive of Acuity.

Audit and Compliance Committee

The Audit and Compliance Committee comprises John Wakefield (Chairman) and Nick Clark. A detailed description of the Committee's activities is shown on pages 15 and 16.

Remuneration Committee

The Remuneration Committee comprises John Wakefield (Chairman) and Nick Clark. A detailed description of the Committee's activities is shown on pages 17 and 18.

Non-executive Directors

The Board has adopted guidelines for the appointment of non-executive directors which have been in place and which have been observed throughout the year. These provide for the orderly and constructive succession and rotation of the Chairman and non-executive directors insofar as both the Chairman and non-executive directors will be appointed for an initial term of three years and may, at the Board's discretion believing it to be in the best interests of the Company, be appointed for subsequent terms.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

Principle Ten - Shareholder Communication

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

Information is available on the Investor Relations section of the Company's website www.acuityrmgroup.com, and is kept updated with details of relevant developments, regulatory announcements, financial reports and shareholder circulars.

Shareholders with a specific enquiry can contact the Board though the website and via Angus Forrest, who is available to answer investor relations enquiries. The Company uses electronic communications with shareholders in order to maximise efficiency.

Board evaluation process

The Board completed an internal evaluation process in early 2024. This process concluded that the Board was operating effectively and has the requisite collective skills in the areas of strategy, finance and commercial expertise to assist with the implementation of our strategy.

The Board intends to undertake another evaluation process in 2025.

Directors keep their skills and knowledge up to date through relevant training and development courses including from the Company's advisers. All Directors are encouraged to use their independent judgement and to constructively challenge other Directors where appropriate.

Organisation review

The Board of Directors provides extensive experience in advisory and the technology sector, including the operation of public companies.

The Board of Directors

The Board is responsible for providing strategic direction for the Company, setting objectives and management policies and agreement on performance criteria. The Board monitors compliance with objectives and policies of the Company through monthly performance reporting, budget updates and monthly reviews. The current composition of the Board is two Executive Directors and two Non-Executive Directors. The Board believes the composition of the Board provides an appropriate mix to conduct the Company's affairs at the present time.

Audit Committee

During the year under review the Audit Committee was chaired by John Wakefield. It met to review the Interim Report, the Annual Report, to consider the suitability and monitor the internal control processes and to review the valuations for the portfolio of directly held investments. There were two Audit Committee meetings during the year. The Audit Committee reviews the findings of the external auditors and reviews accounting policies and material accounting judgements.

The independence and effectiveness of the external auditor is reviewed annually and the Audit Committee meets at least once per financial year with the auditors to discuss their independence and objectivity, the Annual Report, any audit issues arising, internal control processes, auditor appointment and fee levels and other appropriate matters.

Remuneration Committee

The Remuneration Committee provides a formal and transparent review of the remuneration of the Executive Directors and senior employees and makes recommendations to the Board on individual remuneration packages. This includes the award of non-contractual performance related bonuses and share options. Remuneration packages are designed to reward, motivate, retain and recruit individuals. Bonuses are only paid in recognition of performance. The committee comprises John Wakefield (Chairman) and Nick Clark. No Director took part in discussions concerning the determination of their own remuneration.

Risk management

The Board has overall responsibility for risk management and has established a framework which ensures that principal risks are discussed, understood, mitigated, and where possible prevented. Risk assessment is an integral part of any business decision and the Company's risk framework ensures that decisions are made on an informed basis to reflect agreed business strategy and agreed risk tolerance.

The Board considers that the key risks faced by the Company are:

- underperformance of Acuity's trading
- reliance on key people
- market and/or economic downturn
- reliance on one or few customers
- technology change
- longer-term economic or political environments, which cannot be predicted currently, but which may affect the sphere of activity for the Company
- lack of financial resources
- the short and longer-term impact of natural and other disasters.

The Board's strategies to mitigate these risks are as follows:

- Trading
  - To maintain a high level of awareness of performance against budget through the capturing and dissemination of KPIs to all Board members;
  - Investment is planned to update STREAM® with the latest technology; and
  - To expand the Company's client base into new organisations, in a few selected geographical territories and to sign multi-year contracts to keep future income streams secure.
- Incentivise and retain key people
- To maintain cash balances and raise new funding well in advance of it being required.

s.172 Companies Act 2006 and key stakeholders

The Company is dependent on a number of stakeholders to enable it to progress towards its objectives of growing and creating value for shareholders. Our key stakeholders are our shareholders, people, portfolio companies, those we transact business with and the Community.

L – Long Term C - Colleagues S – Shareholder B – Business conduct

I – Investees Co – Community E - Environment

Matters considered by the Board in the year	Shareholder impact	Stakeholder and s172 Companies Act
Business Review, Performance and Strategy		
Regular reports from the Executive Chair and Chief Executive	L, C, S, B, I	Consideration and approval of the Company's strategy, investments, overall and specific performance
Approval of the Group's strategy and new investments	L, C, S, I	In respect of the above the Board reviews proposals, activity and performance against targets
Financial		
Regular accounts and other financial reports compared with budget.	L, C, S, I	Dissemination of key financial information to the Board and other executives to assist with understanding and decision making.
Approval of the Company's business plan and budget	L. C, S, I	Following the publication of the full year and interim results, dissemination to investors and potential investors.
Approval of the full year report and accounts and interim statement		
Approval of all trading announcements	L, C, S, I	
Internal controls and risk management		
Review of internal controls and financial and other performance of the portfolio companies.	L, C, S, I	Whilst the Company is small, there is a separation of activities to ensure checks and balances.
Governance		
Regular reports to and feedback from the Company's advisers	L, C, S, I	Feedback for the various stakeholder groups influences and is taken into account when the Board is making its decisions.
Review of Company against Company values	L, C, S, I, B and Co	

The Board remains aware of the importance of evaluating its performance and that of the Company and its operations to promote the long term success of the Company thereby generating value for shareholders and other stakeholders, including contributing to the wider society.

Engagement with Shareholders

The Board is keen to ensure that the Company's shareholders and any potential investors have a good understanding of the business and its performance. During the year, enquiries are received and answered on a wide spectrum of topics relevant to the business directly or through periodic updates on the Company's website.

Corporate website

The corporate website has a dedicated investor section at https://www.acuityrmgroup.com/investors which includes annual and interim financial reports, RNS releases and full AIM Rule 26 disclosures.

Email info@acuityrmgroup.com

The website of the trading business Acuity Risk Management Limited has details of Acuity's trading https://www.acuityrm.com

AGM

The AGM allows the Board to update the shareholders on the Company's progress and provides an opportunity for shareholders to pose questions to Directors. In particular, the AGM provides an opportunity for shareholders, particularly private investors, to engage in wider discussion with the Board on issues of concern or interest to them, and to share their thoughts on the Company's strategy and business model.

This year's AGM will be held on 10 July 2024.

Angus Forrest
Chairman
12 June 2024

Audit Committee Report

for the year ended 31 December 2023

Chairman's introduction

It gives me great pleasure to present the Audit Committee report on behalf of the Audit Committee. Acuity RM Group plc is an AIM listed company and as such, we are guided by the QCA's Audit Committee Guide. Below we set out the Committee's responsibilities and report on the activities of the Committee during the period ended 31 December 2023.

The Board is pleased to propose the re-appointment of PKF Littlejohn LLP as the Company's Auditor at this year's AGM.

The role and duties of the Audit Committee

The role of the Audit Committee assists the Board with monitoring, reviewing and challenging the integrity of the Company's financial results. The framework of duties is set out in its Terms of Reference which are available on the Company's website.

Duties of the Committee
The Audit Committee is responsible for ensuring the financial performance of the Company is properly recorded and reported on, including adopting suitable accounting policies and judgements which affect the financial statements. Also, appointing and liaising with the external auditors without the Executives present.

Committee membership and attendance

Appointments to the Committee, which currently comprises John Wakefield and Nick Clark are made by the Board, having been deemed to have the appropriate skills and experience. Only members of the Committee have the right to attend meetings, although others may be invited to attend meetings as appropriate.

The external auditors also attend the meetings to discuss the planning and conclusions of their work and meet with the members of the Audit Committee without any members of the executive team present after each meeting. The Audit Committee can call for information from management and consults with the external auditors directly if required.

Attendance
During the year, the Committee held two scheduled meeting and reported on its activities to the Board. The members of the Audit Committee, and their attendance at meetings are detailed on page 8.

Activities of the Committee

Areas of focus	Activities during the period ended 31 December 2023
Financial Statements and narrative reporting	• Reviewing the financial statements and narrative reporting in the Annual Report and Accounts for 2023 • Consideration of reports from the external auditor in respect of the Annual Report and Accounts for 2023
Going Concern	A review of the Group as a going concern including methodology, assessment in support of the going concern assumption, concluding the expectation that the Group has adequate resources to continue in operational existence for the foreseeable future
Accounting policies and standards	A review of the Group's accounting policies and ensuring they are in accordance with International Accounting Standards Consideration of effects of changes in accounting standards to the Group's financial statements
Review of external auditor	The Audit Committee reviews the performance of the External Auditor regularly

External Auditor

Audit process
The Audit Committee liaises with the external auditor prior to the start of the audit, during the audit process and in a review at the end of the audit, including Auditor's management representation letter.

Effectiveness and independence of the external auditor
The Audit Committee reviews and monitors the independence and the objectivity of the external auditor.

Appointment of the external auditor
The Audit Committee advises the Board on the appointment, reappointment and removal of the external auditor.

Internal Audit Function
Given the size of the Company, internal controls and segregation of tasks it has been decided that it would be impractical to set up an internal audit. This decision will be reviewed from time to time.

Whistleblowing
Every executive's contract of employment contains a section on whistleblowing and there is a Company procedure in the event that a whistleblower wants to bring a matter to the attention of the Board.

John Wakefield
Audit Committee Chairman

12 June 2024

Remuneration Report

for the year ended 31 December 2023

The policy of the Board is to provide executive remuneration packages designed to attract, motivate, and retain Directors and employees of a sufficiently high calibre such that shareholder value will be enhanced and to reward them accordingly. It aims to provide sufficient levels of remuneration to do this, but also to avoid paying more than is appropriate.

Angus Forrest and Kerry Chambers have service contracts with a notice period of six months.

Main elements of remuneration

The three main elements of the Executive Directors' remuneration package which is a mix of fixed and variable pay: base salary, performance-related bonus and share option incentives.

Base salary

Base salaries payable to Executive Directors are reviewed annually by the Board. In determining the appropriate levels of remuneration, the Board believes that the Company should offer average levels of base pay reflecting individual responsibilities compared to similar roles in comparable companies.

Summary of Directors' remuneration including employer's NI:

	Salary/ fees	Employer's Pension Contributions	Total	Total
	12 Months ended 2023 £'000	12 Months ended 2023 £'000	12 Months ended 2023 £'000	12 Months ended 2022 £'000
Executive				
A Forrest	53	-	53	53
K Chambers*	93	4	97	-
S Marvell*	26	-	26	-
Non-executive				
S Bennett*	26	-	26	26
N Clark	16	-	16	8
N Malde*	2	-	2	16
J Wakefield	16	-	16	16
	232	4	236	119

* Simon Marvell and Kerry Chambers were appointed as directors on 25 April 2023 and 3 July 2023 respectively. Nish Malde, Simon Marvell and Simon Bennett resigned from the Board of the Company on respectively 9 March 2023, 27 June 2023 and 6 October 2023.

Non-executive Directors

Remuneration for non-executive Directors is determined by the Board. The non-executive Directors have a Letter of Appointment which can be terminated by either party giving the other three months' prior written notice.

Company Share Option Plans

No share options were granted during the year. All share options are part of a Company Unapproved scheme.

Directors who held office during the year hold the following options over shares in the Company:

	31 December 2023	31 December 2022
S Bennett	400,000	400,000
A Forrest	800,000	800,000
K Chambers	-	-
N Clark	-	-
N Malde	200,000	200,000
S Marvell	-	-
J Wakefield	100,000	100,000

On 15 July 2020 1,100,000 share options were issued exercisable at 6.5p and on 25 November 2020 400,000 exercisable at 5.5p, in both cases at any time in the 10 years from the date of grant.

On 24 April 2023 a resolution was approved by shareholders in general meeting whereby the Ordinary shares were subject to a consolidation and subdivision effectively reducing the number of shares and share options by a factor of 10. All numbers and figures shown above have been adjusted for the consolidation and subdivision resolution approved by shareholders on 24 April 2023. Details of the fair value of these options can be found in note 21.

The directors' interests in the shares of the Company are shown in the table on page 19 as at 31 December 2023.

ON BEHALF OF THE BOARD

John Wakefield

Chairman of the Remuneration Committee
12 June 2024

Directors' Report

for the year ended 31 December 2023

The Directors have pleasure in submitting their report, together with the financial statements of the Group and Company, for the year ended 31 December 2023.

Principal activity

Since Acuity RM Group plc, previously known as Drumz plc, acquired Acuity Risk Management Ltd the principal activity of the Group has been as a holding company

Review of business and dividends

A review of the current and future development of the Group's business is given in the Strategic Report on pages 1 to 4 which forms part of, and by reference is incorporated in, this Directors' Report.

The principal risks and uncertainties faced by the Group are set out on page 4.

Results and Dividends

The results of the Group for the period ended 31 December 2023 are set out in the Group Statement of Comprehensive Income. The Directors do not recommend the payment of a dividend for the year.

Directors and Directors' interests

The Company supports the concept of effective Board leadership and control of the Company. The Board is responsible for approving Company policy and strategy. All Directors have access to advice from the Company Secretary and if necessary, from independent professionals at the Company's expense. The biographical details for the Board members serving as at the date of this report are shown on page 7.

Those Directors who held office during the year and their interests in the shares of the Company, which include beneficial and family interests, are shown below:

	As at 31 December 2023 ordinary shares of 0.1p	As at 31 December 2022 ordinary shares of 0.1p
Kerry Chambers[1]	674,555	-
Nick Clark[2]	8,936,000	8,936,000
Angus Forrest[3]	4,711,556	4,711,556
Simon Bennett[4]	-	200,000
Nishith Malde	-	1,435,663
Simon Marvell[5]	-	-
John Wakefield	388,822	166,600

On 24 April 2023 a resolution was approved by shareholders in general meeting whereby the Ordinary shares were subject to a consolidation and subdivision effectively reducing the number of shares and share options by a factor of 10.

1 Kerry Chambers became a director on 3 July 2023.

2 Nick Clark's holding comprises that of himself and his family, including those held by their pension fund.

3 Angus Forrest's interest in shares includes those held by his pension fund.

4. Simon Bennett resigned as a director on 6 October 2023.

5. Simon Marvell became a director on 25 April and resigned on 30 June 2023. His shareholding is shown on page 21, in significant shareholdings.

6. Nishith Malde resigned as a director on 9 March 2023

Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance, Board membership and quality of management. It therefore encourages shareholders to offer their views.

There is a link on the Company's website to enable shareholders to communicate with the Company. The AGM provides an opportunity for shareholders, particularly private investors, to question the Board on any issues arising.

The notice convening the AGM is sent to shareholders with this report. A separate motion will be put to the meeting on each substantial issue.

Accountability and audit

The Board endeavours to present a balanced and understandable assessment of the Group's position and prospects in all reports as well as in the information required to be presented by statutory requirements.

Supplier payment policy

It is the policy and normal practice of the Group to make payments due to suppliers in accordance with agreed terms and conditions, generally 30 days. Where suppliers offer early settlement discounts, these may be accepted.

Going concern

The financial statements have been prepared on the going concern basis, the Directors having considered the cash forecasts for the next 12 months from the date of the approval of these financial statements. In doing so they have given due regard to the risks and uncertainties affecting the business as set out in the Strategic Report on page 4. On this basis and considering contracted forward revenues, renewal rates and forecast new business wins and expected costs, the Directors have a reasonable expectation that the funds available to the Group are sufficient to meet the requirements indicated by those forecasts.

Corporate Governance

The Group has set out its full Corporate Governance Statement on pages 5 to 22. The Corporate Governance Statement forms part of this Directors' report and is incorporated into it by cross reference.

Internal control

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets and for reviewing its effectiveness. Such a system is designed to manage, but not eliminate, the risk of failure to achieve business objectives. There are inherent limitations in any control system and, accordingly, even the most effective systems can provide only reasonable, but not absolute, assurance against material misstatement or loss.

Assessment of business risk

The Board regularly reviews operating and strategic risks. The Group's operating procedures include a system for reporting financial and non-financial information to the Board as and when appropriate, including:

- reports from management with a review of the business at each Board meeting, focusing on any new decisions/risks arising;
- report on the selection criteria of new investments; and
- consideration of reports prepared by third parties.

Control procedures

Operational procedures have been developed for the Group's operating business that embody key controls over relevant areas. The implications of changes in law and regulations are taken into account by the Group.

The Board has considered the need for an internal audit function but has decided that this is not justified at present given the size of the Group. However, it will keep this decision under review.

Significant shareholdings

On 24 April 2023 a resolution was approved by shareholders in general meeting whereby the Ordinary shares were subject to a consolidation and subdivision effectively reducing the number of shares and share options by a factor of 10. According to the Company's register of substantial shareholdings as at 12 June 2024 the following had notified the Company of their interest in 3% or more of the Company's issued ordinary share capital. The holdings of Directors who served during the year are shown on page 19.

	Number of shares	%
Simon Marvell	31,647,998	26.0
Richard Mayall	13,325,173	10.9
J Swann	4,920,500	4.1
J&O Simmons	3,700,000	3.0

Financial risk management objectives and policies

The Group's financial instruments comprise its investments, cash balances, receivables and payables that arise directly from its operations and derivative instruments. The Group is exposed to market risk through the use of financial instruments and specifically to liquidity risk, market price risk and credit risk, which result from the Group's operating activities.

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

Liquidity risk

The Group maintains significant cash balances. The Directors monitor current and future requirements in line with trading so there is time to take action to revise the cost base or raise additional funds. It has the ability to raise funds using its brokers and otherwise.

Credit risk

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

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of carrying an amount of cash and cash equivalents as presented on the face of the Statement of Financial Position and compared to the short and medium term liabilities and expected liabilities.

Greenhouse Gas (GHG) Emissions

The Company has not made separate disclosures relating to energy consumption and efficiency as the entity consumed less than 40,000 kWh of energy during the period.

Post balance sheet event

There are no post balance sheet events to report.

Disclosure of information to Auditors

The Directors confirm that:

• So far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
• The Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

PKF Littlejohn LLP have been appointed as auditor for the ensuing year in accordance with section 487 of the Companies Act 2006 subject to re-election at the next AGM.

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared financial statements in accordance with International Financial Reporting Standards as adopted in the UK. 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 and of the profit or loss of the company and group for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether, for the group and company, UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions. The Company is compliant with AIM Rule 26 regarding the Company's website.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

ON BEHALF OF THE BOARD

Angus Forrest
Executive Chairman
12 June 2024

Financial Statements

for the year ended 31 December 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACUITY RM GROUP PLC

Opinion

We have audited the group financial statements of Acuity RM Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows, Company Statement of Cash Flow and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included a review of budgets for 12 months from the date of approval of these financial statements including checking the mathematical accuracy of the budgets and discussion of significant assumptions used by management and comparing these with current year and post year end performance. We have also reviewed the latest available post year general ledgers, bank statements, regulatory announcements, board minutes and assessed any external industry wide factors which might affect the group and the parent company.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Our application of materiality

For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as a magnitude of misstatement, including omission, that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We have also considered those misstatements including omissions that would be material by nature and would impact the economic decisions of a reasonably knowledgeable person based our understanding of the business, industry and complexity involved.

We apply the concept of materiality both in planning and throughout the course of audit, and in evaluating the effect of misstatements. Materiality is used to determine the financial statements areas that are included within the scope of our audit and the extent of sample sizes during the audit.

We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

In determining materiality and performance materiality, we considered the following factors:

- our cumulative knowledge of the group and its environment, including industry specific trends;
- the change in the level of judgement required in respect of the key accounting estimates;
- significant transactions during the year;
- the stability in key management personnel; and
- the level of misstatements identified in prior periods.

Materiality for the group financial statements was set at £80,000 (2022 - £49,200). This was calculated based on 7.5% of loss after taxation for the year (2022 - 5% of net assets). Using our professional judgement, we determined loss after taxation to be the principal benchmark within the group financial statements as it was most relevant to stakeholders in assessing the financial performance of the group, given the acquisition in the year and the substantial increase in activity as the result of this acquisition.

Performance materiality for the group financial statements was set at £56,000 (2022: £34,440) being 70% of headline materiality for the group financial statements as a whole.

Materiality for the parent company financial statements was set at £44,000. This was calculated on 1% of investments (2021: £49,000 – 5% of net assets). The performance materiality was £30,800 (2022: £34,300).

The materiality and performance materiality thresholds for the significant components of the group were calculated considering the same factors as for group and parent company materiality.

For each component of the group, we allocated a materiality that is less than our overall group materiality The materiality applied to the trading subsidiary's financial statements was £75,000. The performance materiality was £52,500.

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of £4,000 (2022: £2,460) and for the parent company a value in excess of £ 2,200 (2022: £2,450). We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

In designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. We addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represents a risk of material misstatement due to fraud. In particular we looked at the areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain, such as the fair value of unquoted investments, the share reorganisation and the value of the share options scheme.

In addition, we focused our audit on the significant risk areas including the Key Audit Matters as outlined below.

A full scope audit was performed on the complete financial information of the group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
Acquisition of Acuity Risk Management Limited (Note 24)	
In April 2023, Acuity RM Group Plc acquired, through the issue of 45,709,570 (Valued at £3,085k) consideration shares and £500k in cash, the remaining share capital of Acuity Risk Management Limited ("ARM") not already owned by the parent company. **The transaction has been accounted for as an acquisition within the scope of IFRS 3 with management undertaking a purchase price allocation ("PPA") of the consideration. Application of IFRS 3 entails measuring assets and liabilities (including intangible assets which did not exist on the balance sheet of ARM) at fair value through appropriate valuation methods, with the residual value allocated to goodwill The PPA exercise is complex and incorporates significant estimates and judgements of management. There is a risk that these judgements and estimations are subject to bias, mathematical inaccuracies and based on unsupported assumptions.**	Our work in this area included: • Reviewing the AIM Admission Document and other relevant documentation to ensure the commercial terms of the acquisition are understood; • Ensuring the transaction fell within the scope of IFRS 3 as a business combination; • Checking the basis for calculating the 'deemed acquisition cost', comprising the consideration shares and cash. Tracing the issue of shares to evidence of issue and substantiating the valuation of the share based consideration. Verifying the cash consideration was paid; • Discussing the commercial merits of the acquisition with senior management and their plans for the acquired assets including intangible assets; • Reviewing and challenging management on their key assumptions within the PPA as at the date of acquisition of ARM; • Re-performing the calculations within the PPA; and • Checking the presentation and disclosure of the acquisition in the financial statements is in accordance with parent company's accounting policies.
Carrying value of intangible assets and goodwill (Notes 10 & 11)	
As a result of the acquisition of ARM in the year, the group carries a significant value within intangible assets (£233k) and goodwill (£5,154k). **Management have undertaken an impairment review of these assets as at the year end. Management have incorporated significant estimations and judgements within their impairment review. There is a risk that these judgements and estimations are subject to bias,**	Our work in this area included: • Discussing with senior management their future commercial plans for the Group and how both the intangible assets and goodwill form part of those strategies. We also discussed the market for the group's product and services and the group's future development plans;

mathematical inaccuracies and based on unsupported assumptions	• Obtaining management's impairment assessment, including reviewing and challenging management on their key assumptions within the impairment review; • Reviewing reasonableness of useful life used by management for amortisation of intangible assets; • Performing sensitivity analysis on key assumptions to ascertain the impact of possible changes which would eliminate the headroom over carrying value. • Considering whether any other indicators of impairment are present under IAS 36 having reference to internal and external factors; • Checking the key assumptions are consistent between this impairment review and other forward-looking projections prepared by management, including the going concern assessment; • Comparing the quoted market value of parent company at the year end against the values within the group position of financial position to challenge management on alterative views on valuation of these key assets; • Re-performing the calculations within the impairment review; and • Reviewing the disclosures in the financial statements, including those relating to estimates and judgements used, and evaluate their completeness in the accounting period.

Recoverability of Investment in Subsidiary (parent company only) (Note 13) **The parent company carries a material investment balance in subsidiaries in its statement of financial position (£4,210k). There is a risk that the carrying value of the investments is greater than the recoverable amount and therefore requires impairment. An entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired.** **Given that the estimated recoverable amount of investment in subsidiaries is subjective, there is a risk that the related carrying values is overstated.**	Our work in this area included: • Confirmation of ownership of subsidiaries; • Reperforming management's calculation of the value of consideration given for the investment acquired within the year; • A review of the impairment assessment prepared by management and challenge key inputs and estimates included therein; • Checking the key assumptions are consistent between this impairment review and other forward-looking projections prepared by management, including the going concern assessment and impairment of intangible assets and goodwill; • Re-performing the calculations within management's impairment review; and • Ensuring disclosures made in the financial statements in relation to critical accounting judgements are adequate.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions 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 group and the parent company and their 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 group and the parent company 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 group and parent company financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from the Companies Act 2006, the London Stock Exchange AIM Rules for Companies, International Financial Reporting Standards and tax legislation within the United Kingdom.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
    - *Enquiries of management*
    - *Review of board minutes*
    - *Review of legal / regulatory expenditure*
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was in the valuation of investments. We addressed the risk by challenging the assumptions and judgements made by management when auditing that significant accounting estimate.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Ling (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

12 June 2024

Group statement of comprehensive income

for the year ended 31 December 2023

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

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

Group statement of financial position

as at 31 December 2023

	Notes	**As at 31 December 2023 £'000**	As at 31 December 2022 £'000
Non-current Assets			
Intangible assets	10	233	-
Tangible assets	10	8	-
Goodwill	11	5,154	-
Investments at fair value through profit or loss	12	244	930
		5,639	930
Current assets			
Trade and other receivables	14	1,255	122
Cash and cash equivalents		100	222
		1,355	344
Total assets		6,994	1,274
LIABILITIES			
Current liabilities			
Trade & other payables	16	557	47
Deferred Income	17	1,016	-
Loans & borrowings	17	165	-
Tota Current liabilities		1,738	47
Long term liabilities			
Deferred Income	18	1,014	-
Loans & borrowings	18	154	-
Total long term liabilities		1,168	-
Total Liabilities		2,906	47
Net Assets		**4,088**	**1,227**
EQUITY			
Share capital	19	2,767	2,688
Share premium		12,447	8,385
Share based payment reserve	21	112	51
Merger reserve		1,012	1,012
Retained earnings		(12,250)	(10,909)
Total Equity		**4,088**	**1,227**

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

Angus Forrest
Executive Chairman

Kerry Chambers
Chief Executive

Company Number
00298654

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

Company statement of financial position

as at 31 December 2023

	Notes	**As at 31 December 2023 £'000**	As at 31 December 2022 £'000
Non-current assets			
Investments at fair value through profit or loss	12	244	930
Investment in subsidiaries	13	4,210	
		4,454	930
Current assets			
Trade and other receivables	14	16	122
Cash and cash equivalents		40	222
Inter group loan	15	392	
		448	344
Total assets		4,902	1,274
LIABILITIES			
Current liabilities			
Trade and other payables	16	104	47
Total liabilities		104	47
Net assets		**4,798**	**1,227**
EQUITY			
Share capital	19	2,767	2,688
Share premium		12,447	8,385
Share based payment reserve	21	112	51
Merger reserve		1,012	1,012
Retained earnings		(11,540)	(10,909)
Total Equity		**4,798**	**1,227**

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company Statement of Comprehensive Income. The loss for the Parent Company for the year was £631,205 (31 December 2022: loss of £341,000).

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

Angus Forrest

Angus Forrest

Executive Chairman

Kerry Chambers

Chief Executive

Company Number
00298654

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

Group statement of changes in equity

for the period ended 31 December 2023

	Share capital £'000	Share premium £'000	Share based payment Reserve £'000	Merger reserve £'000	Retained earnings £'000	**Total equity £'000**
Balance at 1 January 2022	2,688	8,385	30	1,012	(10,568)	1,547
Loss for the year	-	-	-	-	(341)	(341)
Total comprehensive expense for the year	-	-	-	-	(341)	(341)
Transactions with owners in own capacity						
Issue of share options	-	-	21	-	-	21
Balance at 31 December 2022	**2,688**	**8,385**	**51**	**1,012**	**(10,909)**	**1,227**
Balance at 1 January 2023	2,688	8,385	51	1,012	(10,909)	1,227
Loss for the year	-	-	-	-	(1,341)	(1,341)
Other comprehensive income – issue of share warrants.	-	-	61	-	-	61
Total comprehensive expense for the year	-	-	61	-	(1,341)	(1,280)
Transactions with owners in own capacity						
Ordinary Shares issued in the period	78	4,375	-	-	-	4,453
Issue Shares for adviser fees	1	130	-	-	-	131
Share issue costs	-	(443)	-	-	-	(443)
Transactions with owners in own capacity	79	4,062	-	-	-	4,141
Balance at 31 December 2023	**2,767**	**12,447**	**112**	**1,012**	**(12,250)**	**4,088**

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

Company statement of changes in equity

for the year ended 31 December 2023

	Share capital £'000	Share premium £'000	Share based payment Reserve £'000	Merger reserve £'000	Retained earnings £'000	**Total equity £'000**
Balance at 1 January 2022	2,688	8,385	30	1,012	(10,568)	1,547
Loss for the year					(341)	(341)
Total comprehensive income	-	-	-	-	(341)	(341)
Transactions with owners in own capacity						
Share options	-	-	21	-	-	21
Balance at 31 December 2022	**2,688**	**8,385**	**51**	**1,012**	**(10,909)**	**1,227**
Balance at 1 January 2023	2,688	8,385	51	1,012	(10,909)	1,227
Loss for the year	-	-	-	-	(631)	(631)
Other comprehensive income – issue of broker warrants	-	-	61	-	-	61
Total comprehensive income	-	-	61	-	(631)	(570)
Transactions with owners in own capacity						
Ordinary Shares issued in the period	78	4,375	-	-	-	4,453
Issue Shares for adviser fees	1	130	-	-	-	131
Share issue costs	-	(443)	-	-	-	(443)
Transactions with owners in own capacity	79	4,062	-	-	-	4,141
Balance at 31 December 2023	**2,767**	**12,447**	**112**	**1,012**	**(11,540)**	**4,798**

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

Group statement of cash flows
for the period ended 31 December 2023

	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Cash flows from operating activities		
Loss before taxation	(1,341)	(341)
Adjustments for:		
Depreciation & Amortisation	137	-
Fair value adjustment for listed investments	61	85
Share based payments	61	21
(Increase) in trade and other receivables	(823)	(99)
Increase/(Decrease) in trade and other payables	898	(5)
Net cash outflow/inflow from operating activities	(1,007)	(339)
Cash flows from investing activities		
Purchase of tangible fixed assets	(3)	-
Purchase of investments in subsidiaries, net of cash acquired	(500)	-
Cash acquired on acquisition	331	
Net Cash flows used in investing activities	(172)	-
Cash flows from financing activities		
Cash raised through issue of shares (net of transaction costs)	1,057	-
Net cash flow from financing activity	1.057	-
Net (decrease) in cash and cash equivalents	(122)	(339)
Cash and cash equivalents at the beginning of the period	222	561
Cash and cash equivalents at end of the year	100	222

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

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

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

Company statement of cash flows

for the year ended 31 December 2023

	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Cash flows from operating activities		
Loss before taxation	(631)	(341)
Adjustments for:		
Fair value adjustment for listed investments	61	85
Share based payments	61	21
(Increase) in trade and other receivables	(286)	(99)
Increase/(Decrease) in trade and other payables	56	(5)
Net cash used in operating activities	(739)	(339)
Cashflows from investing activities		
Purchase of investment in subsidiaries	(500)	-
Net Cash flows from investing activity	(500)	
Cash flows from financing activities		
Cash raised through issue of shares (net of transaction costs)	1,057	-
Net cash flow from financing activity	1,057	-
Net (decrease) in cash and cash equivalents	(182)	(339)
Cash and cash equivalents at beginning of financial year	222	561
Cash and cash equivalents at end of financial year	40	222

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

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

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

Principal accounting policies

for the period ended 31 December 2023

General information

Acuity RM Group plc (previously Drumz plc) is a company incorporated and domiciled in the United Kingdom. The Company is a public limited company, which is listed on AIM of the London Stock Exchange, incorporated in the UK and domiciled in England and Wales. The address of the registered office is 2nd Floor, 80 Cheapside, London EC2V 6EE.

The Company successfully completed the acquisition of Acuity Risk Management Ltd ("Acuity RM"), which it previously held a 25% investment in, on 25th April 2023 and changed its name to Acuity RM Group plc.

The principal activity of the Group is the provision of risk management software, STREAM® and related services.

The principal accounting policies adopted in the preparation of the Group and Company financial statements are set out below.

Basis of accounting

Basis of preparation

The Group and Company financial statements have been prepared in accordance with the requirements of the London Stock Exchange plc AIM Rules for Companies and in accordance with International Financial Reporting Standards as adopted in the United Kingdom ("UK adopted IFRS") and those parts of the Companies Act 2006 applicable to companies reporting in accordance with UK adopted IFRS. The financial statements have also been prepared under the historical cost convention, except as modified for financial assets at fair value through profit or loss.

The financial statements are presented in pounds sterling (£'000), which is also the functional currency of the Company and Group.

The Company and the Group's financial statements have been prepared in accordance with the accounting policies set out below. These have been applied consistently throughout the Group and the Company and applied consistently to all the periods presented, unless otherwise stated.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Company and Group will continue to meet its liabilities as they fall due.

The Directors have reviewed the Group's budgets and considered the future and forecast business and cash requirements. Following the completion of a successful fundraise in 2023 and the acquisition of Acuity RM, the Directors have determined to make further investment in Acuity RM, to develop and enhance its products and services and grow revenue is still the correct path.

These considerations combined with the opportunity to take other actions in the event of a shortfall in cash generation (for example tight control of costs and re-phasing of planned expenditure), have led the Directors to conclude there is a reasonable expectation that the Company and Group has adequate resources to continue operating for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Company's and Group's financial statements.

Changes in accounting policies

New standards and interpretations not yet adopted

At the date of approval 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 (and in some cases have not yet been adopted by the UK):

Standard	Effective date	Overview
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	1 January 2024 (early adoption permitted)	The standard has been amended to clarify that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period. In order to conclude a liability is non-current, the right to defer settlement of a liability for at least 12 months after the reporting date must exist as at the end of the reporting period. The amendments also clarify that (for the purposes of classification as current or non-current), settlement is the transfer of cash, the entity's own equity instruments (except as described below), other assets or services.
Amendments to IAS 1 Non-current Liabilities with Covenants	1 January 2024 (early adoption permitted)	The standard confirms that only those covenants with which an entity must comply on or before the end of the reporting period affect the classification of a liability as current or non-current.
Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024 (early adoption permitted)	The amendments address the accounting that should be applied by a seller-lessee in a sale and leaseback transaction when the leaseback contains variable lease payments, such as turnover rentals, that do not depend on an index or rate. Specifically, they confirm that the 'lease payments' or the 'revised lease payments' arising from the leaseback arrangement are measured in such a way that no gain or loss is recognised on the right of use retained by the seller-lessee.
Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements	1 January 2024 (early adoption permitted)	The amendments require an entity to disclose information about its supplier finance arrangements to enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk.
Amendments to IAS 21 – Lack of Exchangeability	1 January 2025 (early adoption permitted)	The amendments have been made to clarify: - when a currency is exchangeable into another currency; and - how a company estimates a spot rate when a currency lacks exchangeability.

New standards and interpretations adopted

The effect of these amended Standards and Interpretations which are in issue have not had a material effect on the financial statements.

Standard	Overview
IFRS 17 Insurance Contracts	IFRS 17 will replace IFRS 4 Insurance Contracts, a temporary standard which permits a variety of accounting practices for insurance contracts.
Amendments to IFRS 17 – Initial Application of IFRS 17 & IFRS 9 *Comparative Information*	Many insurance entities will now be applying both IFRS 17 and IFRS 9 for the first time in annual reporting periods beginning on or after 1 January 2023.
Amendments to IAS 1 and IFRS Practice Statement 2 – Making Materiality Judgements *Disclosure of Accounting Policies*	The amendments to IAS 1 will require an entity to disclose material accounting policies. Accounting policy information is likely to be considered material if users need the disclosure to understand other material information in the accounts.
Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors *Definition of Accounting Estimates*	The amendments introduce a definition for accounting estimates which is 'monetary amounts in financial statements that are subject to measurement uncertainty'. Measurement uncertainty will arise when monetary amounts required to apply an accounting policy cannot be observed directly. In such cases, accounting estimates will need to be developed using judgements and assumptions.
Amendments to IAS 12 – Income Taxes *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	This amendment to IAS 12 Income Taxes introduces an exception to the "initial recognition exemption" when the transaction gives rise to equal taxable and deductible temporary differences.
Amendments to IAS 12 – Income Taxes *International Tax Reform – Pillar Two Model Rules*	This amendment to IAS 12 Income Taxes introduces disclosures to help investors better understand a company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

Summary of significant accounting policies

Basis of consolidation

The Group financial statements consolidate those of the Company and all its subsidiary undertakings drawn up to 31 December 2023. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Control exists when the Company:

- has the power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intergroup assets and liabilities, equity, income, expenses and cashflows relating to transactions between the members of the Group are eliminated on consolidation.

A**cquisition during the year**

During the year Acuity RM Group plc (previously called Drumz plc) acquired the remaining share capital of Acuity RM on 25 April 2023. The directors deem that the acquisition falls within the scope of IFRS 3 and has been consolidated as a business combination from the date of acquisition.

Revenue and other income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

When cash inflows are deferred and represent a financing agreement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

The Company recognises revenue from the following major sources:

1. Annual software subscription and support licenses

   Annual software and subscription licenses are recognised over the term of the contract on a straight line basis as control is transferred to the customer. This includes non specified software upgrades. Where consultancy is provided in the same contract, the transaction price is allocated between the different performance obligations on the basis of standalone selling prices.

2. Consultancy in support of the provision of the software

   Consultancy revenue including professional services and training, is recognised on delivery of the relevant services.

Fees and other income from investee companies is recognised as revenues as it falls due.

Interest is recognised as it becomes due.

Dividends are recognised when the shareholders' right to receive payment is established.

Taxation

Current tax

The tax currently payable based on taxable profit/(loss) for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on the difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax liabilities and assets are offset when the Company has a legally enforceable right to offset current assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Leasing

At inception, the Company assesses whether a contract is, or contains, a lease within the scope of IFRS16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the Company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

Pension obligations

The Group operates a defined contribution pension scheme for all qualifying employees. The Group pays fixed contributions which are charged to the income statement in the year to which they relate. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Financial Instruments

Financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Generally, financial instruments are recognised initially at fair value plus or minus transaction costs. However, for financial instruments classified as measured at fair value through profit or loss (FVTPL), the transaction costs are immediately expensed to profit or loss.

In line with the principles of IFRS 9, financial assets are classified and measured according to the business model in which they are held and their contractual cash flow characteristics. Accordingly, financial assets are classified and measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit and loss (FVTPL). Financial liabilities are classified and measured either at amortised cost or at FVTPL.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the Company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Impairment of financial assets

Financial assets carried at amortised cost and Fair Value through Other Comprehensive Income are assessed for indicators of impairment at each reporting end date.
The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as FVTPL when the financial liability is contingent consideration of an acquirer in a business combination to which IFRS 3 applies, or it is designated as at FVTPL.

Other financial liabilities, including borrowing, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest rate method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled, or they expire.

Cash and cash equivalents

Cash and cash equivalents comprise cash-in-hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Equity

Equity comprises the following:

- **Share capital** represents the nominal value of equity 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.
- **Share based payment reserve** represents the cumulative amounts charged to profit in respect of directors' share option arrangements and share warrants issued.
- **Retained earnings** represents retained profits/(losses).
- **Merger reserve** represents the excess of the nominal value of shares issued in the acquisition of a subsidiary undertaking and the nominal value of the subsidiary undertaking's shares;

Investments

Shares in subsidiary undertakings are stated at cost less provision for impairment. Unlisted investments are measured at fair value through profit and loss.

Tangible assets

Tangible assets such as property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged on all items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. It is charged at the following rate:

Computer Equipment	Straight line basis over 3 years

Estimated useful lives and residual values are reviewed each year and amended as required.

Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

Customer contracts	Straight line basis per contract
Software development	Straight line basis over 5 years
Website development	Straight line basis over 3 years

Estimated useful lives and residual values are reviewed each year and amended as required.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible 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). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Goodwill

Goodwill represents the excess of the cost of acquisition of a businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units expected to benefit from the acquisition.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. This is done by comparing the carrying amount of the CGU, including the goodwill, with its recoverable amount. When the carrying amount is greater than the recoverable amount, an impairment loss must be recognised. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Segment reporting

In accordance with IFRS 8, information is disclosed to enable users of financial statements to evaluate the nature and financial effects of the business activities in which the Group engages. Due to the acquisition of 100% of the share capital of Acuity RM during the period, the group now operates in one segment - the provision of risk management software.

The group does have one legacy investment which is held at fair value through profit and loss. The fair value movement has not been disclosed in the segment reporting as it is a legacy item and the movement in the investment is shown in note 12.

Share-based payments

The Group has made awards of options on its unissued share capital to directors as part of their remuneration package and share warrants to its advisors. The valuation of these options and warrants involved making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and interest rates. The Group has used the Black-Scholes formula to calculate the fair value of outstanding share options and warrants. These assumptions are described in more detail in note 21.

The expense charged to the Statement of Comprehensive Income during the year in relation to share based payments was £61,000 (2022 - £21,000).

Critical accounting estimates and judgement

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below:

Impairments of investments and loans to subsidiaries

The Group and the Company assess at each reporting date whether there is any objective evidence that investments in and loans to subsidiaries are impaired. To determine whether there is objective evidence of impairment, a considerable amount of estimation is required in assessing the ultimate realisation of these investments. This assessment has been undertaken using a projected cashflow model. As at the period end, the Directors do not assess there to be any impairment of these amounts. See notes 12 and 13.

Carrying value of the Goodwill

The goodwill has two components. One component was recognised arising on the fair value of the assets acquired by Acuity RM on the acquisition of Acuity RM LLP in March 2020, the second component arose on the acquisition of Acuity RM by Acuity RM Group plc on 25 April 2023. Acuity RM and the Group assess at each reporting date whether there is any objective evidence that the carrying value of the goodwill should be impaired. To determine whether there is objective evidence of impairment, a considerable amount of estimation is required in assessing the ultimate realisation of these investments. This assessment has been undertaken using a discounted projected cashflow model. As at the period end, the Directors do not assess there to be any impairment of these amounts. See note 11.

Carrying value of capitalised software development costs

At each reporting period the estimated useful life and residual values of intangible assets are reviewed. At the end of the period ended 31 December 2023, it was deemed necessary to shorten the estimated useful life of the capitalised software development costs. Acuity RM are planning a re write of the STREAM® platform. Once the new product is live all customers will be migrated onto the new product. The estimate useful life has been amended to coincide with the estimated go live date of the new product and the depreciation charge amended accordingly, so that the current NBV of the asset is written off on a straight line basis. See note 10.

Share based payments

The Group issues options and warrants to its directors and advisors. These are valued in accordance with IFRS2 "Share-based payments". In calculating the related charge on issuing shares and warrants the Group will use a variety of estimates and judgements in respect of inputs used including share price volatility, risk free rate and expected life. Changes to these inputs may impact the related charge. See note 21.

Notes to the Financial Statements

for the year ended 31 December 2023

1. Revenue and segmental analysis

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

	Year ended 31 December 2023 £'000	Year ended 31 December 2023 £'000
Fees and Income from investee companies	15	60
Provision of software licences and Services consisting of: [1]	1,351	-
revenue from subscriptions	1,114	
revenue from services	237	
The geographical analysis of revenue is as follows:		
United Kingdom	832	-
Europe	220	-
USA	165	-
South Africa	52	-
Canada	37	-
Rest of World	45	-
	1,351	-

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

2. Administrative expenses

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

3. Staff Costs

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

	Year ended 31 December 2023	Year ended 31 December 2022
	No. of employees	No. of employees
The average number of employees (including Directors) of the Group was:	23	5

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

4. Finance Costs

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

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

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

6. Exceptional costs

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

7. Auditors' remuneration

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

8. Corporation tax

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

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Loss on ordinary activities before taxation	(1,341)	(341)
Loss on ordinary activities multiplied by standard rate of UK corporation tax of 23.5% (2022: 19%)	(315)	(65)
Effect of:		
Disallowable items	62	20
Addition / (utilisation) of tax losses arising	253	45
Total tax charge/(credit)	-	-

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

9. Earnings per ordinary share

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

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

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

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

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

10. Tangible and intangible assets - Group

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

11. Goodwill

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

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

12. Investments held at Fair Value through Profit and Loss

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

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

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

Fair value hierarchy

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

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

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

13. Investment in subsidiaries

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

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

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

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

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

14. Trade and Other Receivables

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

15. Inter-Group Receivable

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

[1] The inter-group loan is repayable on demand

16. Trade and other payables

	Group **31 December 2023 £'000**	Group 31 December 2022 £'000	**Company** **31 December 2023 £'000**	Company 31 December 2022 £'000
Trade payables	115	2	52	2
Employment taxes and VAT	250	21	14	21
Accruals	182	24	38	24
Other payables	10	-	-	-
	557	47	104	47

17. Other current liabilities

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

18. Other non-current liabilities

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

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

19. Share capital

Allotted, called up and fully paid

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

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

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

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

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

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

20. Deferred shares

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

The other rights of the deferred shares are:

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

21. Share options and warrants

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

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

	Number
Outstanding at 31 December 2022 and 31 December 2023	1,500,000

At 31 December 2023 outstanding options granted over ordinary shares, adjusted for the share reorganisation in April 23 were as follows:

Share option scheme	Exercise price	Number	Date granted	Dates Exercisable
Company unapproved	6.5p	1,100,000	15 July 2020	15 July 2023 to 14 July 2030
Company unapproved	5.5p	400,000	25 Nov 2020	25 Nov 2023 to 24 Nov 2030

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

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

Options outstanding at 31 December 2023: 6.2p

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

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

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

	Unapproved share options 2020 grant
Date of grant	15 July 2020
Expected life of options based on options exercised to date	3 years
Volatility of share price	87%
Dividend yield	0%
Risk free interest rate	0.01%
Share price at date of grant – adjusted for share reorganisation April 2023	6.5p
Exercise price – adjusted for share reorganisation April 2023	6.5p
Fair value per option – adjusted for share reorganisation April 2023	4.6p

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

Warrants

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

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

Warrants exercisable at 31 December 2023: nil

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

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

22. Pensions

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

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

23. Transactions with related parties

Group and Company

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

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

24. Business combinations

On the 25 April 2023 the Company completed the successful acquisition of Acuity RM. The Company issued 45,709,570 ordinary shares and paid £500,000 in cash to acquire the remaining share capital of Acuity RM and now holds 100% of the share capital. Total value of consideration was £3.6m. Prior to the acquisition of Acuity RM, the Company held a £625,000 investment in Acuity RM.

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

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

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

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

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

25. Financial instruments and risk profile

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

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

Liquidity and market price risks

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

Foreign exchange rate risks

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

Capital risk management

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

	Group	Group	**Company**	Company
	31 December 2023 £'000	31 December 2022 £'000	**31 December 2023 £'000**	31 December 2022 £'000
Equity	4,088	1,227	4,798	1,227
Less: cash and cash equivalents	(100)	(222)	(40)	(222)
Capital	3,988	1,005	4,758	1,005
Equity	4,088	1,227	4,798	1,227
Borrowings	319	-	-	-
Overall financing	4,407	1,227	4,798	1,227
Capital to overall financing	90.5%	81.9%	99.2%	81.9%

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

Credit risk

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

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

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

Summary of financial assets and liabilities by category

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

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

Financial liabilities carried at amortised cost	1,014	-	-	-
Financial liabilities carried at FVTPL	154	-	-	-

The financial instruments held at fair value through profit or loss have been valued in accordance with IFRS 13. In the current year, these are determined by reference to quoted prices where there is an active market for identical assets or liabilities. Otherwise, the fair value is determined by using valuation techniques such as earnings multiples. There is no material difference between the carrying value and fair value of the Group's aggregate financial assets and liabilities.

Interest rate risk profile of financial liabilities

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

26. Subsidiary undertakings

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

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

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

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

27. Company information

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

28. Ultimate controlling party

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

29. Events after the balance sheet date

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

30. Contingent Liabilities

There are no contingent liabilities to be disclosed.

Additional Information

Advisers and Key Services Providers

Directors	Angus Forrest (Executive Chairman) Kerry Chambers (Chief Executive – Acuity Risk Management Ltd) Nick Clark John Wakefield
Company Secretary	Marie-Claire Haines
Registered Office	2nd Floor, 80 Cheapside London EC2V 6EE
Company's Registered number	00298654
Website	www.acuityrmgroup.com
Auditors	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD
Nominated Advisor and Joint Broker	W H Ireland 24 Martin Lane London EC4R 0DR
Joint brokers	Peterhouse Capital Limited 80 Cheapside London EC2V 6EE Clear Capital Markets Ltd 12th Floor, Broadgate Tower London EC2A 2EW
Registrars	Neville Registrars Limited Steelpark Road Halesowen B62 8HD Tel. 0121 585 1131
Bankers	Barclays Bank Fourth Floor, Apex Plaza Forbury Road Reading RG1 1AX
Corporate Lawyers	Marriott Harrison 80 Cheapside London EC2V 6EE