Registration number: 03936915

Abal Group plc (formerly known as Imaginatik plc)

Directors' Report and Consolidated Financial Statements

for the Year Ended 31 March 2019

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Abal Group plc (formerly known as Imaginatik plc)

Contents

Abal Group plc (formerly known as Imaginatik plc)

Company Information

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Simon Charles
John Treacy

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Abal Group plc (formerly known as Imaginatik plc)

Chairman's Statement

I report to you on the group's activities and its many changes in the year to 31 March 2019, and the year to date in 2019.

Overview

In the year to 31 March 2019 the group underwent the following fundamental changes.

At the beginning of that year, the group was providing a combination of software and consultancy solutions to customers who were interested in innovation objectives. However, due to disappointing trends in revenues and profitability, the directors explored opportunities to sell the group and had started detailed discussions with a number of interested parties. Based on the limitations of the potential purchasers' proposals, a decision was soon taken to terminate these discussions.

In early June 2018, it was decided and announced that the business was to be retained, and a new strategic plan was to be introduced that involved the departure of the then Chairman and the Chief Executive Officer, and the seeking of new funds to implement parallel strategies of revenue growth and the cutting of costs. Later that month as a result of the rejuvenated sales drive, there was an early customer win – providing management services to a leading European wine producer.

In July 2018, an experienced new Chief Executive Officer, Angus Forrest, was appointed, whose main remit was to place the group on a secure financial footing and to restructure the business to generate growth.

Later in July, discussions were started with another major investor, but these discussions were terminated at the end of September.

In October 2018, the Company announced an improving financial performance as a result of the cost savings, and customers were renewing their contracts and there were new customer wins.

At the end of October and in early November, there were major fundraising initiatives with the issues of shares and a convertible loan note. In December, there was another share issue to further strengthen the group's financial position, to support the cost reduction program, and to provide additional working capital. It was apparent though that continued progress was by no means certain and would be likely to be slow, requiring yet further capital.

On 10 January 2019, the directors announced that a conditional agreement had been reached to sell all of the group's business for \$1.7 million, with the potential for up to another \$0.8m depending on the satisfaction of certain conditions. This sale was approved at a General Meeting of the Company later that month, and the sale was completed on 5 February 2019.

From the date of the sale of the business, the group changed its name and became a cash shell seeking new investment opportunities.

It was subsequently agreed that Angus Forrest would leave the Company. He resigned as a director with effect from 28 February 2019. I wish to thank him for his fortitude and patience during what was a difficult and uncertain period for the group. His input was key to the group's survival.

The group's Income Statement is analysed between the continuing operations and discontinued operations. The continuing operations represent the ongoing activities of the holding company as a cash shell with the costs of maintaining the Company and its listing on AIM. The discontinued operations include all the trading activities up to the date of the sale plus the profit on the sale.

Most recently, on 27 September 2019, the group announced that a conditional share purchase and sale agreement had been reached to acquire all of the share capital of Supply@Me SRL. Supply@Me SRL is an Italian company that has developed an innovative, proprietary, digital system which underpins a fintech platform that enables customers to carry out 'inventory monetisation' transactions by transforming their unsold stock of goods to Supply@Me SRL. The consideration will only be by the issue of new ordinary shares in Abal, the number of which is uncertain, and a further share placing is planned to cover the costs of the proposed transaction and to provide working capital and development capital. This transaction would be both a reverse takeover and a related party transaction, because of the relationships between certain persons in relation to the Company and Supply@Me SRL, and is still subject to several key approvals. There is no assurance that the agreement will complete.

Abal Group plc (formerly known as Imaginatik plc)

Chairman's Statement

Business review

In our 2019 Consolidated Statement of Comprehensive Income, prepared according to IFRS accounting standards, we are required to show separately the results of the group's discontinued operations from its continuing operations.

Discontinued operations

On 5 February 2019 the group sold all of its business and assets for an initial cash consideration of $1.7m (about £1.3m) together with the potential for further deferred consideration of up to about $0.8m (about £0.6m) subject to achieving certain conditions. The amount of the deferred consideration has not been finally agreed at the time of preparing these financial statements. There has been an agreed price reduction as the purchaser has had unexpected problems with the collection of one of the larger debts and the failure of one key customer to renew its contract. The latest estimate for the amount of the deferred consideration is $0.06m (about £0.04m), and this is the amount that has been included in the financial statements. On this basis the profit on disposal of the business was £0.9m (2018:Nil).

In his report to shareholders in September 2018 the new Chief Executive Officer reviewed the business overall as follows:

'The year to 31 March 2019 is one of significant change with the emphasis being on improving the performance of every part of the business. Although there may be some adverse impact in the short term, this will build firm foundations for the future development of the enterprise. The first objective for the Company is to improve its financial performance which comprises both cost reduction and revenue improvement, we are making progress on both fronts and I look forward to reporting further progress in due course.'

At a more detailed level, in terms of revenues, in May 2018 the group announced that revenues continued to be disappointing, and this followed reducing revenues in the previous year to 31 March 2018. The downward trend in revenues started to improve following a new strategic plan that was introduced in June 2018 and the appointment of a new Chief Executive Officer in July 2018. Total revenues for the 10 month period prior to the sale of the business on 5 February 2019 were £2.3m (2018: 12 months £3.7m).

The cost reduction programs that were introduced in the summer of 2018 were not sufficient to return the trading to profitability. The investment in development costs was substantially reduced to £0.2m (2018: £0.5m). Further details of the trading performance prior to the sale of the business are set out in Note 4 to the financial statements.

Continuing operations

Following the sale of all of its business and assets in February 2019, the group became a cash shell. The sale agreement provided that most employees transferred to the purchaser. The only material continuing activity of the group after the sale was that of a holding company continuing with its overheads as an ongoing quoted company on AIM while seeking new investment opportunities.

Financial overview

In summary, from a financial viewpoint, the group has transformed successfully from a trading group that had been consuming all of its cash resources, to a cash shell still listed on AIM, and now, most recently, to a group considering an exciting new acquisition opportunity in the fintech space.

Full provision has been made in these 2019 financial statements for the disposal of all of its business and assets. So, the group is now moving forward with confidence, and unencumbered from any ongoing liability for its past loss making, and cash consuming, activities.

In the year to 31 March 2019 the Company raised £1.2m net from the issue of new ordinary shares (2018: £1.3m). At the 2019 year-end cash balances were £0.8m (2018: £0.1m).

Simon Charles

Chairman

29 November 2019

Abal Group plc (formerly known as Imaginatik plc)

Strategic Report for the Year Ended 31 March 2019

Strategic plans during the year

The group's strategy has changed significantly during the year to 31 March 2019.

At the start of the year, the group was established in the global innovation market. The group had a suite of technology and consultancy products used by blue chip clients, mainly in North America and Europe. However, sales and profitability had been disappointing. The short term strategy was to achieve organic growth through renewed marketing effort in existing markets.

The group's products were delivering a targeted and managed process that facilitated employee led innovation and improvement. The products incorporated analytical tools to seek out specialists in large organisations with thousands of employees to bring their proven skills to bear on resolving current business challenges.

In the first quarter of the year, due to continued disappointing results, a decision was taken to replace the Chairman and CEO alongside new funding for the group.

A new CEO was appointed in July 2018 who summarised the two main strengths of the group as having a market leading product with many satisfied customers, and employs great people who have a passion for the business. The new CEO's main strategic objectives were to prioritise three changes that would give the fastest and biggest returns. In particular, the strategies were cost reductions across the business, new marketing initiatives to generate additional revenues, and increased management focus.

Meanwhile, there were discussions with a number of parties who had expressed interest in purchasing, or making substantial investment in, the group's business. These discussion were terminated after several months due to disappointing offers, and due to the business starting to respond to the new CEO's initiatives.

A decision was taken to retain the business and, in October and November 2018, to seek new investment from shareholders in order to strengthen the group's financial position, to support the cost reduction plan, and to provide additional working capital. It was apparent though that continued progress was by no means certain and would be likely to be slow, requiring yet further capital

In January 2019, the group announced its intention to sell all of its business and assets, and this sale was completed in February 2019.

From the date of the sale of the business the group became a cash shell that was seeking new investment opportunities.

Financial report

All of the group's business and assets were sold in February 2019 for £1.3m (2018: £Nil). This sale generated a consolidated profit on disposal of £0.9m (2018: £Nil).

Group revenues for the 10 month period to the date of sale were £2.3m (2018: 12 months £3.7m).

Consolidated loss for the year £0.4m (2018: loss £1.2m)

Consolidated loss per share – basic and diluted 0.71 pence (2018: 5.59 pence)

Investment in intangible assets £0.2m (2018; £0.6m)

Net proceeds of share issues £1.2m (2018: £1.3m)

Net cash generated in year £0.7m (2018: absorbed £0.1m)

Cash balances at year-end £0.8m (2018: £0.1m)

Part of the re-financing arrangements in October and November 2018, referred to above, included the issue of a convertible unsecured loan note for £90,000, and a warrant was issued for options to acquire new ordinary shares. In January 2019, the conversion option for the loan note was exercised. This conversion resulted in a debt for equity swap plus the issue of another warrant for options to acquire further shares. At the year-end, these two warrants were outstanding and have been included in the Balance Sheet liabilities at a combined valuation of £53,000 (2018: £Nil).

Abal Group plc (formerly known as Imaginatik plc)

Strategic Report for the Year Ended 31 March 2019

KPIs

In the strategic report for the prior year, a wide range of KPIs were reported. As all of the group's business and assets have been sold in the current year, in February 2019, it is no longer appropriate to report detailed year-end KPIs for the business.

At the start of the financial year, the group's main KPIs were the generation of new customer leads and the signing of contracts with new customers, the renewal of existing customers' contracts and improvements in profitability and cashflow. In June 2018, following disappointing trends for both new lead generation and profitability, the group announced new more efficient processes for generating new customer leads and for a significant reduction in overhead costs.

Major new customer contracts were announced in June and in December 2018, and in October 2018 the group reported that there had been improvements in both customer lead generation and in profitability. However, by October 2018, the group's cash position had deteriorated, and a re-financing plan was successfully implemented to restore the group's working capital cash balances.

After the sale of the business, the group became a cash shell looking for new investment opportunities. At this point, the two main KPIs were identifying and securing new investment opportunities, and maintaining sufficient cash balances for the continuing operations until arrangements for a new investment had been completed. After the year-end, in September 2019, the group made an announcement about its planned acquisition, the details of which are being finalised at the time of signing these financial statements.

Risks and uncertainties

The two main risks at the year-end are maintaining sufficient cash resources to be a going concern and securing an appropriate new investment. The directors are closely involved in monitoring frequently these risks and the delivery of appropriate solutions on a timely basis.

Strategic outlook

In September 2019, the group announced that a conditional share purchase and sale agreement had been reached to acquire all of the share capital of Supply@Me SRL. Supply@Me SRL is an Italian company that has developed an innovative, proprietary, digital system which underpins a fintech platform that enables customers to carry out 'inventory monetisation' transactions by transforming their unsold stock of goods to Supply@Me SRL. The consideration will only be by the issue of new ordinary shares in Abal, the number of which is uncertain, and a further share placing is planned to cover the costs of the proposed transaction and to provide working capital and development capital. This transaction would be both a reverse takeover and a related party transaction, because of the relationships between certain persons in relation to the Company and Supply@Me SRL, and is still subject to several key approvals. There is no assurance that the agreement will complete.

Approved by the Board and signed on its behalf by

Simon Charles

Director

29 November 2019

Abal Group plc (formerly known as Imaginatik plc)

Directors

The board comprised four non-executive directors and two executive directors, whose details are set out below:

Matt Cooper ***(Non-Executive Chairman)*** **– resigned 4 June 2018**

Chairman of Remuneration Committee

Matt Cooper resigned from the board as Non-executive Chairman on 4 June 2018. Matthew, a graduate of Princeton University and an American national, is an experienced public company director and investor. He has been the Chairman of Octopus Capital Limited since 2002 and is currently a non-executive director of a number of VCTs and private companies. Prior to joining Octopus, Matt was the Principal Managing Director of Capital One Bank (Europe) PLC where he was responsible for all aspects of the Company's strategic direction and day-to-day operations in Europe. He led the UK portion of the business from start-up to 2 million customers, generating annual revenues of over £275 million and employing over 2,000 people.

Simon Charles ***(Non-Executive Director)***

Chairman of Audit Committee and Remuneration Committee

Simon Charles is joint senior equity partner at the City of London firm of solicitors Marriott Harrison LLP, having joined the firm in March 2004. He is a qualified solicitor in England and Wales and has substantial experience advising private and public companies and investors in both a corporate and legal capacity. Simon Charles has worked closely with the Company for a number of years. Prior to joining Marriott Harrison LLP, Mr. Charles worked in the corporate finance department at Numis Securities Limited, where he advised both AIM quoted and Main Market companies as a nominated advisor and sponsor.

Shawn Taylor FCA ***(Non-Executive Director) - resigned 5 September 2019***

Shawn joined Imaginatik in September 2005 and maintains responsibility for financial systems and processes. Shawn also has responsibility for the routine financial controls, management accounting, forecasting and budgeting procedures, treasury management, foreign exchange control, corporate governance compliance and the management of human resources.

He has significant experience as a public company Chief Financial Officer and has led companies through growth phases having previously been Chief Financial Officer of HIT Entertainment PLC from 1997 to 2001 and Content Film PLC from 2001 to 2004.

Ralph Welborn Ph.D. ***(Chief Executive Officer)*** **- resigned 4 June 2018**

Ralph left the board on 4 June 2018. Ralph has significant global business advisory and technology implementation experience, focusing on identifying where value is being created and destroyed. He was Strategy and Transformation Leader at IBM (Middle East and Africa) and Senior Partner of Solutions and Innovation at KPMG Consulting.

Angus Forrest ***(Chief Executive Officer)*** **- appointed 10 July 2018, resigned 19 February 2019**

Having joined as CEO on 1 July 2018, Angus Forrest was appointed to the board on 10 July 2018 and following the disposal of the business and assets on 5 February 2019 Angus Forrest resigned. Angus Forrest has considerable experience as a venture capitalist and investor, with particular emphasis on the technology sector. Angus Forrest has experience in founding and running a number of AIM businesses including Billam plc and Tern plc.

Abal Group plc (formerly known as Imaginatik plc)

Directors

John Treacy (Non-Executive Director)

John is a London based experienced financier who specialises in working with growing companies. He qualified as a solicitor in the London office of a major international law firm where he specialised in Capital Markets and Merger & Acquisitions. From there he moved to practice corporate finance in the advisory teams of several prominent UK brokerages where he acted as an adviser to a number of AIM companies and advised on numerous IPOs, acquisitions, debt restructurings and placings.

Board committees

The board has established an audit committee and a remuneration committee. In the year, Simon Charles chaired the audit committee and was a member of the remuneration committee. Matt Cooper chaired the remuneration committee and was a member of the audit committee.

Abal Group plc (formerly known as Imaginatik plc)

Directors' Report for the Year Ended 31 March 2019

The directors present their report and the consolidated financial statements for the year ended 31 March 2019.

Results and dividends
The consolidated statement of comprehensive income is set out on page 30 and shows the results for the year.

The loss before tax for the year was £374,000 (2018 - £1,155,000 loss).

The directors do not recommend the payment of a dividend.

Principal activity
During the period to 5 February 2019 the principal activity of the Company and its subsidiaries was the provision of collaborative innovation software and related consultancy services. Following the completion of the disposal of the business and assets on 5 February 2019 the company was categorised as an AIM Rule 15 cash shell.

Directors of the group
The directors, who held office during the year, were as follows:

Mr Simon Charles

Mr Angus Forrest (appointed 10 July 2018 and resigned 19 February 2019)

Mr Matt Cooper (resigned 4 June 2018)

Mr Shawn Taylor (resigned 5 September 2019)

Mr Ralph Welborn (resigned 4 June 2018)

Mr John Treacy (appointed 8 November 2018)

See pages 8&9 for further details about the directors.

Matters covered in the Strategic Report
Future developments and principal risks and uncertainties are disclosed in the Strategic Report.

Foreign exchange risk
Prior to the sale of the business in February 2019, there were foreign exchange risk arising because the group had operations located in various parts of the world whose functional currency is not the same as the functional currency in which the group companies are operating. The group's policy was, where possible, to allow entities to settle liabilities in their functional currency with the cash generated from their own operations in that currency.

More details on financial instruments management objectives and policies are mentioned within note 23.

IFRS
We have prepared our financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRS).

Political and charitable donations
No political or charitable donations were made during the year.

Abal Group plc (formerly known as Imaginatik plc)

Directors' Report for the Year Ended 31 March 2019

Directors' interests

The directors who held office during the year and their interests in the ordinary shares of the Company are as follows:

	At 31 March 2019 Ordinary shares	At 31 March 2018 Ordinary shares
Simon Charles	315,371	315,371
Matt Cooper	Nil	5,292,948
Shawn Taylor	85,185	85,185
Ralph Welborn	92,216	92,216
John Treacy	Nil	Nil
Angus Forrest	3,000,000	Nil

To assist comparisons, all shareholdings at 31 March 2018 have been adjusted for the 1 for 10 consolidation carried out on 29 June 2018.

Attendance at board and committee meetings

	Board	Audit	Remuneration
Number of meetings	28	1	1
Meetings Attended:			
Matt Cooper	9/9	-	-
Simon Charles	27/28	1	1
Ralph Welborn	6	-	-
Shawn Taylor	26/28	1	1
John Treacy	7/7	-	-
Angus Forrest	16/17	1	1

Going concern

For the reasons set out below, the Directors consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

At the year-end the group had cash balances of £771,000 (2018; £61,000) and other net current liabilities of £395,000 (2018: other net liabilities £1,800,000). The group has posted a loss for the year after tax of £374,000 (2018: £1,155,000) and retained losses were £15,207,000 (2018: £14,814,000).

The group to date has met its financing requirements through the regular placing of new shares, raising in the year a net cash amount of £1,217,000 (2018: £1,450,000).

The group is currently a cash shell listed on AIM that is seeking new investment opportunities. The Directors have reviewed the forecast expenditures for the next 12 months excluding the consequences of any new investment plans.

After the year-end, on 27 September 2019, the group announced that a conditional share purchase and sale agreement had been reached to acquire all of the share capital of Supply@Me SRL. Supply@Me SRL is an Italian company that has developed an innovative, proprietary, digital system which underpins a fintech platform that enables customers to carry out 'inventory monetisation' transactions by transforming their unsold stock of goods to Supply@Me SRL. The consideration will only be by the issue of new ordinary shares in Abal, the number of which is uncertain, and a further share placing is planned to cover the costs of the proposed transaction and to provide working capital and development capital. This transaction would be both a reverse takeover, because of the relationships between certain persons in relation to the Company and Supply@Me SRL, and a related party transaction, and is still subject to several key approvals. There is no assurance that the agreement will complete..

Providing that the group is able to successfully complete the announced conditional share and purchase agreement, and to raise the necessary funding through a new issue of shares, the directors consider that the group will have sufficient financial resources to continue in operational existence for the foreseeable future and, therefore, that it is appropriate to adopt the going concern basis in preparing these financial statements. As with all business forecasts, the Directors' statement cannot guarantee that the going concern basis will remain appropriate given the inherent uncertainty about future events, specifically due to the material uncertainty over the raising of funds. Until the proposed acquisition is completed, there remains a material uncertainty around going concern.

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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.

Abal Group plc (formerly known as Imaginatik plc)

Directors' Report for the Year Ended 31 March 2019

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

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 the 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 company's auditor is aware of that information.

Approved by the Board on 29 November 2019 and signed on its behalf by:

Simon Charles
Director

Abal Group plc (formerly known as Imaginatik plc)

Directors' Remuneration

Responsibilities

The remuneration committee is responsible for the determination of the remuneration policy of the group's executive directors and senior executives.

Composition

Until his resignation on 4 June 2018, Matt Cooper chaired the remuneration committee and Simon Charles was a member. After Matt Cooper resigned on 4 June 2018, Simon Charles chaired the remuneration committee and was the only member. John Treacy became a member of the Committee from 8 November 2018.

Directors' appointment agreement

The contracts entered into by the Non-Executive Director require 3 months' notice of termination on either side.

Remuneration of non-executive directors

The remuneration for the non-executive directors is determined by the board as a whole and consists of fees for their services in connection with board and board committee meetings and, where relevant, for additional services such as chairing a board committee. They are not eligible for pension scheme membership and do not participate in any bonus scheme.

Non-executive directors do not participate in decisions about their own remuneration.

Executive remuneration policy

Prior to the sale of the business in February 2019 when all executives left the Company, the group followed the following policies.

The committee endeavoured to offer competitive remuneration packages which were designed to attract, retain and provide appropriate incentives to executive directors and senior executives with the experience and necessary skills to operate and develop the group's business to their maximum potential, thereby delivering the highest level of return for the shareholders.

Consistent with this policy, benefits packages awarded to executives were intended to be competitive and comprise a mix of non-performance-related and performance-related remuneration designed to provide appropriate incentives to them, but not to detract from the goals of corporate governance.

Remuneration components for executive directors:

Remuneration packages were reviewed each year to ensure that they were in line with the group's business objectives. No director participated in decisions about their own remuneration package.

The main components in determining pay were as follows:

Basic salary/fees and benefits

The basic annual salary was subject to an annual review which takes into account the performance of the group and the individual. Benefits comprised the provision of private healthcare insurance.

Annual performance-related bonus

Demanding annual performance targets, which were consistent with both the short and long term objectives for the business, were set for executive directors which had to be achieved before the bonus was payable.

Abal Group plc (formerly known as Imaginatik plc)

Directors' Remuneration

Executive share options schemes

Share options were granted to executive directors to encourage them to deliver sustained, long term growth. Except in exceptional circumstances, the value of options granted in any year did not exceed two and a half times basic salary.

Directors' detailed emoluments

The emoluments of the directors of the group were as follows:

	Salary	**Pension**	**Cessation of office**	**Benefits**	**2019 Total**	**2018 Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
S K Taylor	115	6	89	9	219	169
M J Cooper	12	-	-	-	12	95
S Charles	25	-	-	-	25	26
R Welborn	43	-	-	-	43	310
J Treacy	25	-	-	-	25	-
A Forrest	100	-	93	-	193	-
	320	6	182	9	517	600

Interests in share options

The following director held share options over the ordinary shares of the Company:

	Number of share options	Exercise price	Grant date
S K Taylor	770	252.00p	22 November 2012
	39,781	67.36p	17 December 2013
	98,417	37.50p	22 December 2014
	6,253	48.80p	14 December 2015
	80,000	16.25p	13 September 2016
	70,000	17.50p	28 September 2017

Abal Group plc (formerly known as Imaginatik plc)

Directors' Remuneration

To assist with comparisons, all share options in the table above have been adjusted for the 1 for 10 consolidation carried out on 29 June 2018.

After an initial two year qualification period 50% of the options are exercisable at any time up to the tenth anniversary of the date of grant. The remaining 50% of the options are exercisable between the third and tenth anniversaries of grant.

The mid-market price of the Company's shares at 31 March 2019 was 0.685p (2018: 1.15p)

Simon Charles

Chairman, Remuneration Committee

Abal Group plc (formerly known as Imaginatik plc)

Corporate Governance

I have been Chairman since June 2018. The position has not come without its challenges given the Company's frail financial position and recent structural changes being implemented. A constant, however, has been the need to adapt and for the governance infrastructure that supports our business to evolve accordingly.

Following the sale of all our business and business assets in February 2019, the group became a quoted cash shell seeking new investment opportunities. Understandably, this has changed the dynamics of certain of the statements made later in this corporate governance statement.

In March 2018, the London Stock Exchange introduced a new rule applicable to Abal as a group on AIM: in the future, we will be required to apply a recognised corporate governance code and will have to provide details of that code on our website and explain how we comply with that code and include reasons where we have departed from it. This information is to be reviewed annually and our website will need to include the date on which this was last done. This rule took effect from 28 September 2018.

The Quoted Companies Alliance released a new and fully updated QCA Corporate Governance Code. As a board, we considered this and its impact on the group's corporate governance arrangements and we decided to adopt the QCA code.

Shareholder engagement

It is important that we regularly engage with you, our shareholders. On page 23 of the Report and Accounts we have set out what we do in this regard; the AGM is a key part of this .

Simon Charles

Chairman

Abal Group plc (formerly known as Imaginatik plc)

Corporate Governance

The Board of Abal decided to apply the QCA Corporate Governance Code (2018 QCA Code). We believe that the QCA Code provides us with the right governance framework, a flexible but rigorous set of rules which provide an environment to run and control the Company. The size of the Company and the board means that it is not possible at present to comply with every aspect of the Corporate Governance Code, but if, as we hope, the Company develops and there are new Board appointments so we will increase compliance with more provisions of the code.

Directors

The Company supports the concept of effective Board leadership and control of the Company and its activities. The Board is responsible for approving Company policy and strategy. There is a schedule of matters reserved for the board, which requires the executive to seek Board approval before actioning.

The Board currently consists of two non-executive directors. The non-executive directors are independent of management and any business or other relationship which could interfere with the exercise of independent judgement.

Board committees

Audit Committee - The audit committee is chaired by Simon Charles. There was one meeting in the year to 31 March 2019. Its primary focus is on corporate reporting and on monitoring the Company's internal controls and risk management systems.

Remuneration Committee - The remuneration committee was initially chaired by Matt Cooper, but since Matt Cooper's departure on 4 June 2019 by Simon Charles. There was one meeting in the year. Its function is to determine on behalf of the board the remuneration packages for the executive directors.

Compliance Committee - The compliance committee was chaired by Angus Forrest until his departure on 19 February 2019, following which both directors review compliance on a regular basis.

Corporate social responsibility

The group takes seriously its responsibility to the environment these include:

Global carbon footprint - It takes reasonable measures to minimize its carbon emissions.

Recycling – Before the sale of the business in February 2019, there were recycling programmes in both offices to minimise waste

Board Meetings

The board met at least monthly in the year to 31 March 2019 with additional meetings as required.

The agenda is set by the Chair.

Internal control

The directors acknowledge their responsibility for the group's systems of internal control.

The group maintains systems of internal control to provide reasonable but not absolute assurance against material misstatement or loss.

Abal Group plc (formerly known as Imaginatik plc)

Corporate Governance

The group sold all of its business and business assets in February 2019, and from that date until the year-end the group was a cash shell seeking new investments opportunities. Prior to the sale of its business, the system of internal control was structured around an assessment and prioritisation of the various risks to the business. The control environment was designed to address particularly those risks that the board considers to be material to the business, in safeguarding the assets against unauthorised use or disposition and maintaining accurate records which produced up to date and reliable information for management of the business and reporting.

The board reviewed the effectiveness of the system of internal control for the accounting period and the period to the date of approval of the financial statements.

Prior to the sale of its business, the key features of the group's systems of internal control were as follows:

an ongoing process of risk assessment to identify, evaluate and manage business risks;

management structure with clearly defined responsibilities and authority limits;

a comprehensive system of reporting financial results to the board; and

appraisal and authorisation of capital expenditure.

The group did not operate an internal audit function. At the audit committee meetings the Chief Financial Officer reported on internal controls and a programme of work to ensure systems and processes were continuously improved.

Remuneration report Responsibilities

Prior to the sale of its business, the remuneration committee was responsible for the determination of the remuneration policy of the group's executive directors and senior executives.

Directors' service contracts

Prior to the sale of its business, the service contracts entered into by the Chief Financial Officer required six months' notice of termination on either side and the service contract of the Chief Executive Officer required six months' notice of termination on either side.

Remuneration of non-executive directors

The remuneration for the non-executive directors is determined by the board as a whole and consists of fees for their services in connection with board and board committee meetings and, where relevant, for additional services such as chairing a board committee. They are not eligible for pension scheme membership and do not participate in any bonus scheme.

Non-executive directors do not participate in decisions about their own remuneration.

Executive remuneration policy

Prior to the sale of the business, the following policies for executive remuneration were in operation, but ceased to be relevant when the group became a cash shell:

The committee endeavoured to offer competitive remuneration packages which were designed to attract, retain and provide appropriate incentives to executive directors and senior executives with the experience and necessary skills to operate and develop the group's business to their maximum potential, thereby delivering the highest level of return for the shareholders.

Consistent with this policy, benefits packages were awarded to executives that were intended to be competitive and comprise a mix of non-performance-related and performance-related remuneration designed to provide appropriate incentives to them, but not to detract from the goals of corporate governance.

Abal Group plc (formerly known as Imaginatik plc)

Corporate Governance

Remuneration components for executive directors:

Remuneration packages were reviewed each year to ensure that they are in line with the group's business objectives. No director participated in decisions about their own remuneration package.

The main components in determining pay were as follows: Basic salary/fees and benefits.

The basic annual salary was subject to an annual review which takes into account the performance of the group and the individual. Benefits comprised the provision of private healthcare insurance.

Annual performance-related bonus:

Demanding annual performance targets, which were consistent with both the short and long term objectives for the business, were set for executive directors which must be achieved before the bonus is payable.

Executive share options schemes:

Share options were granted to executive directors to encourage them to deliver sustained, long term growth. Except in exceptional circumstances, the value of options granted in any year did not exceed two and a half times basic salary.

Matters reserved for the board

The board has a formal written schedule of matters reserved for its review and approval; this schedule includes those matters described in *The role of the board and its committees* section as well as those in the following table.

Category	Examples
Strategy and management	Extension of the Group's activities into new business or geographic areas; cessation of the operation of all or any material part of the Group's business.
Structure and capital	Changes relating to the Group's capital structure; major changes to the Group's corporate or management and control structure; changes to the Company's listing or its status as a plc.
Financial reporting and controls	Approval of the following: annual report and accounts, preliminary announcements of results, significant changes in accounting policies or practices, treasury policies, certain unbudgeted capital or operating expenditure; declaration or recommendation of dividends; review and approval of expenditure authorisation limits.
Contracts	Contracts in the ordinary course of business material strategically or by reason of size; contracts not in the ordinary course of business; major investments.
Communication	Approval of resolutions, circulars, prospectuses and press releases concerning matters decided by the board.
Board membership and other appointments	Changes to the structure, size and composition of the board; ensuring adequate succession planning for the board and senior management; board appointments; selection of the chair and the chief executive; appointment of the senior independent director; membership and chairs of board committees; continuation in office of directors; appointment or removal of the company secretary; appointment, reappointment or removal of the external auditor to be put to shareholders for approval.

Abal Group plc (formerly known as Imaginatik plc)

Corporate Governance

Remuneration	Approving the remuneration policy for the directors; determining the initial remuneration of the non-executive directors; introduction of new share incentive plans or major changes to existing plans.
Delegation of authority	Division of responsibilities between the chair and the chief executive; establishing board committees and approving their terms of reference.
Corporate governance	Undertaking any formal and rigorous review of the board's own performance, that of its committees and individual directors, and the division of responsibilities; determining the independence of non-executive directors; review of the Group's overall corporate governance arrangements; authorising conflicts of interest where permitted by the Company's articles of association.
Policies and procedures	Approval of the following: compliance with the AIM Rules and aspects of the Market Abuse Regulation, company's insider list manual, dealing code, anti-bribery policy, whistleblowing policy and health and safety policy.

Roles and responsibilities

The Chair is responsible for leading the board and regularly liaising with the Chief Executive

Ptiot to the sale of the business, the Chief Executive Officer was responsible for proposing objectives and strategy to the board, implementing strategy and policy approved by the board and leading and managing the management team.

Executive directors had particular roles and responsibilities in relation to the day to day running of the business.

Non-executive directors have the role of scrutinising the performance of management in attaining goals, participating in Board discussion on setting strategies and objectives. Also, bringing their knowledge, expertise and contacts to help with development of the Company's business.

Following the sale of the business in February 2019, the board's main focus has been identifying suitable investment opportunities.

Attendance at Board and committee meetings

	Board	Audit	Remuneration
Number of meetings	28	1	1
Meetings Attended:			
Matt Cooper	9/9	-	-
Simon Charles	27/28	1	1
Ralph Welborn	6	-	-
Shawn Taylor	26/28	1	1
John Treacy	7/7	-	-
Angus Forrest	16/17	1	1

Abal Group plc (formerly known as Imaginatik plc)

Corporate Governance

Independence

Simon Charles has been identified as the group's Independent Director. He is available to shareholders who wish to raise any concerns that they have been unable to resolve through other channels and to attend meetings between management and major investors. The Board has concluded that Simon Charles was independent throughout the year. Simon Charles is a partner in Marriot Harrison, legal advisors to the Company and also holds a small number of shares. However transactions with Marriot Harrison and his interests in shares are considered to be too small to affect his independence and legal services have been tendered and decided on by the other directors.

Balance and size

Following the sale of the business and business assets in February 2019, the Company is going through a period of transition. It is anticipated that there will be further appointments as part of any significant transaction to provide the right balance of numbers, independence and breadth of expertise.

Nominations and appointments

There is no nominations committee, the process of nominating and appointing new directors is undertaken by the whole Board led by the Chair. Senior executive appointments are made by the chief executive after consulting the chair.

The AIM Rules require new directors to undergo a vetting process carried out by the Company's NOMAD which also covers awareness of the AIM Rules, MAR, Companies Acts and other laws and regulations.

An executive director is provided within an initial education about the Company, its processes and procedures.

The Articles of Association require each director appointed during the year to seek re-appointment at a General Meeting thereafter re-election after no more than three years. Therefore, the Board considers it inappropriate that non-executive directors be appointed for a fixed term as recommended by the Code.

Time commitment

The executive directors are expected to devote substantially all of their time and ability to their duties. The non-executive directors are expected to devote about 12 days each year to the Company's business.

Service contracts and letters of Appointment

Copies of all contracts of employment and letters of appointment are available for inspection at the Company's registered office.

Performance evaluation

Prior to the sale of its business, the Chief Executive Officer conducted an annual appraisal of the executive director(s) and senior managers.

Insurance cover for directors and officers

The Company maintained, at its own expense, insurance cover in respect of legal action against its directors and officers.

Risk

The board oversees risk.

Until the sale of the business in February 2019, the chief executive had overall responsibility for implementing strategy and leading the business. In advance of each board meeting the executive produce and circulate Key Performance Indicators and other information to enable critical business components to be monitored.

The key risks are shown within the Strategic Report.

Abal Group plc (formerly known as Imaginatik plc)

Corporate Governance

Shareholder Relations

The Company maintains a website www.abalplc.com which contains a section for investors including all announcements made on the Stock Exchange RNS system, financial results, information about shares, directors and the Company's constitution. The annual Report and Account is sent to all shareholders.

The notice of the AGM will be sent to shareholders at least 21 clear days before the Meeting. At the next AGM, the group will indicate the level of proxy voting and members of the board will be available to answer questions.

Abal Group plc (formerly known as Imaginatik plc)

Independent Auditor's Report to the Members of Abal Group plc (formerly known as Imaginatik plc)

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Abal Group Plc (formerly known as Imaginatik Plc) (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019, which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of cash flows, the company statement of cash flows, the consolidated statement of changes in equity, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 and of the parent company's affairs as at 31 March 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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 the 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.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that the group has recorded a loss for the year after tax of £374,000 and is currently a cash shell listed on AIM that is seeking new investment opportunities. The group has announced a conditional share and purchase agreement with Supply@Me and needs to raise necessary funding through a new issue of shares. These events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Overview of our audit approach

Grant Thornton

- Overall group materiality: £43,000, which represents approximately 3% of the group's loss on ordinary activities from continuing and discontinued operations before taxation and before profit on sale of business and assets.

	• Key audit matters were for the group were identified as improper revenue recognition, profit on sale of business and assets and classification and valuation of convertible loan note and derivatives. • We performed a full scope audit of the financial statements of Abal Group Plc (formerly known as Imaginatik Plc) and Abal (Goswell) Limited (formerly known as Imaginatik (Goswell) Limited).

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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) that we identified. These matters included those that 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.

In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the matter was addressed in the audit
Improper revenue recognition As the trade and assets of the company were sold during the current year, all of the revenue recognised has been classified as a discontinued operation. Revenue is recognised in accordance with the Group's accounting policy and International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers'. The revenue recorded by the Group is one of the key determinants of the Group's underlying performance and results and is one of the Group's Key Performance Indicators. The application of IFRS 15 is an area requiring significant judgement by management. In particular, the nature of the contracts with customers involve delivery of a service over a period of time. As a result, there is an element of judgement in determining the amount of revenue to be recognised in each reporting period. We therefore identified revenue recognition as a significant risk which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Understanding the Group's revenue recognition policy and confirming that revenue has been recognised in accordance with this policy; • Evaluating management's assessment for the transition from International Accounting Standard (IAS) 18 'Revenue' to IFRS 15 'Revenue from Contracts with Customers' and determining whether revenue was recognised appropriately; • For a sample of transactions, developing an understanding of the key performance obligations relevant to recognition of revenue. This included testing a sample of sales invoices raised during the year to supporting documentation, such as signed contracts; and • Identifying contracts that spanned the date of the sale of the trade and assets of the group and re-calculated the expected deferred and accrued income and compared this to management's calculation. The group's accounting policy on revenue recognition is shown in note 2 to the financial statements and related disclosures are included in note 4. **Key observations** Based on our audit work, we found that the judgements made by management were consistently applied. Our testing did not identify any material misstatement of revenue as per the accounting policy adopted by the Group.

Key Audit Matter	How the matter was addressed in the audit
Profit on sale of business and assets During the current year the group completed a trade and asset sale for its main trading business resulting in a gain on disposal of £935,000. The calculation of gain or loss on disposal is considered a significant transaction and can involve significant judgements to be made, including any estimates of future consideration receivable in accordance with deferred consideration terms. We therefore identified gain on disposal of trade and assets as a significant risk, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Understanding the Group's policy in relation to discontinued operations and confirming that the amounts have been recognised in accordance with this policy and accounting standards; • Obtaining a copy of the sale and purchase agreement; • Obtaining management's calculation of the gain on disposal; • Obtaining a breakdown of the carrying value of the assets and liabilities disposed of as at date of disposal, agreeing a sample to supporting documentation; • Evaluating the calculation of the fair value of consideration received and the estimate of the deferred consideration receivable at the year-end prepared by management; and • Assessing the disclosures of discontinued operations made in the financial statements for compliance with the requirements of IFRS 5 'Non-current assets held for sale and discontinued operations'. The group's accounting policy on gain on disposal of trade and assets is shown in note 2 to the financial statements and related disclosures are included in note 4. **Key observations** Overall, based on our audit work, we found that the judgements made by management were consistently applied and that following audit adjustments posted by management, the gain on disposal of the trade and assets was recognised in accordance with the policies adopted by the Group and in accordance with the requirements of IFRS 5.

Key Audit Matters	How the matter was addressed in the audit – Parent
Classification and valuation of convertible loan note and derivatives During the current year the group issued a convertible loan note at face value of £90,000, which was subsequently converted into ordinary shares and issued warrants in conjunction with the loan note. The classification of complex financial instruments as debt or equity and the valuation of any embedded or separate	Our audit work included, but was not restricted to: • Obtaining copies of the convertible loan note and warrant agreements; • Obtaining management's assessment of the initial classification and presentation as debt or equity of the convertible loan note and warrants and assessing this for compliance

derivative financial instruments can involve significant judgements to be made, including any estimates required in determining the fair value of the derivatives. The fair value of the derivatives still in issue at the year end is £53,000.

We therefore identified presentation and valuation of convertible loan notes and derivatives as a significant risk, which was one of the most significant assessed risks of material misstatement.

with the requirements of IFRS 9 'Financial Instruments' and IAS 32 'Financial Instruments: Presentation';

- Evaluating the fair value of the derivatives identified by management including assessing the appropriateness of financial modelling tools used by management and challenging management on the appropriateness of key assumptions made and inputs used in the model, with the assistance of our internal valuations specialists; and
- Assessing the disclosures of key assumptions used in preparing valuations made in the financial statements for compliance with the requirements of IFRS 13 'Fair Value Measurement.

The group's accounting policy on financial instruments is shown in note 2 to the financial statements and related disclosures are included in note 18.

Key observations

Overall, based on our audit work, we found that the judgements made by management were consistently applied and that following audit adjustments posted by management, the convertible loan note and warrants were recognised in accordance with the policies adopted by the Group.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

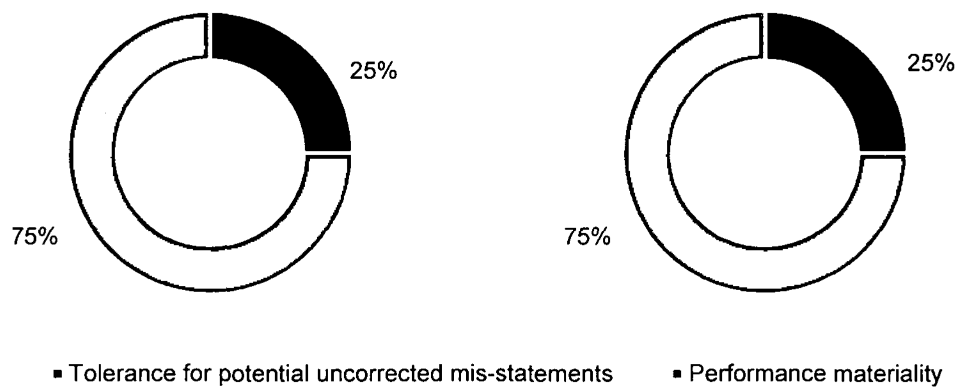
Materiality was determined as follows:

Materiality measure	Group	Parent
Financial statements as a whole	£43,000, which is approximately 3% of the group's loss on ordinary activities before taxation from continuing and discontinued operations and excludes the profit on sale of business and assets. This benchmark is considered the most appropriate because it is a prominent key performance indicator to the users of the financial statements, allowing for significant one-off transactions that occurred. Materiality for the current year is higher than the level that we determined for the year ended 31 March 2018 as a result of the increased loss before tax	£42,000, which is based on 10% of profit before tax, but is capped at 98% of group materiality of £43,000. This amount was capped based on group materiality because the parent company carried out all of the trade, which was discontinued during the year, and held all of the assets within the group. Materiality for the current year is higher than the level that we determined for the year ended 31 March 2018 as a result of the increased loss before tax from continued and discontinued operations in the current year.

Materiality measure	Group	Parent
	from continued and discontinued operations in the current year.	
Performance materiality used to drive the extent of our testing	75% of financial statement materiality, being £32,250.	75% of financial statement materiality, being £31,500.
Specific materiality	We determined a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.	We determined a lower level of specific materiality for certain areas such as directors' remuneration and related party transactions.
Communication of misstatements to the audit committee	£2,200 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£2,100 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group **Overall materiality – Parent**



An overview of the scope of our audit

Our audit approach was a risk-based approach founded on a thorough understanding of the group's business, its environment and risk profile and in particular included:

- The group audit team conducted a full scope audit of the financial statements of Abal Group Plc (formerly known as Imaginatik Plc) and Abal (Goswell) Limited (formerly Imaginatik (Goswell) Limited) including a site visit to the UK head office;
- The operations that were subject to full-scope procedures made up 100% of consolidated revenues and 100% of total assets;
- Evaluating controls over the financial reporting systems identified as part of our risk assessment, reviewing the accounts production process and addressed critical accounting matters; and
- Undertaking substantive testing on significant transactions and material account balances.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such

material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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 under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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 for the financial statements

As explained more fully in the statement of directors' responsibilities set out on pages 12 to 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the directors are responsible for assessing the 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.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Mark Bishop FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
29 November 2019

Abal Group plc (formerly known as Imaginatik plc)

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2019

Continuing operations	Note	2019 £ 000	2018 £ 000
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(726)	(595)
Other operating income	7	69	65
Operating loss	8	(657)	(530)
Finance costs	10	(42)	(13)
Loss before tax		(699)	(543)
Income tax receipt	11	-	-
Loss for the year from continuing operations		(699)	(543)
Discontinued operations			
Profit/(loss) for the year from discontinued operations	4	325	(612)
Loss for the year and total comprehensive income		(374)	(1,155)
Loss attributable to:			
Owners of the company		(374)	(1,155)

Earnings per share - Basic – Profit/(Loss)		Pence	Pence
From continuing operations	12	(1.32)	(2.63)
Total	12	(0.71)	(5.59)

*Restated to show comparative figures for continuing and discontinued operations and Earnings per Share is adjusted for the 1 for 10 share consolidation in 2019.

The notes on pages 38 to 61 form an integral part of these financial statements.

Abal Group plc (formerly known as Imaginatik plc)

(Registration number: 03936915)
Consolidated Statement of Financial Position as at 31 March 2019

	Note	2019 £ 000	2018 £ 000
Assets			
Non-current assets			
Property, plant and equipment	14	-	23
Intangible assets	15	-	928
Trade and other receivables	16	-	341
		-	1,292
Current assets			
Trade and other receivables	16	121	757
Cash and cash equivalents		771	61
		892	818
Total assets		892	2,110
Equity and liabilities			
Equity			
Share capital	17	4,767	4,765
Share premium		9,599	8,350
Other reserves		1,217	1,252
Retained losses		(15,207)	(14,814)
Equity attributable to owners of the Company		376	(447)
Non-current liabilities			
Deferred income	19	-	582
Current liabilities			
Trade and other payables	20	463	1,975
Derivative financial instruments	18	53	-
Total liabilities		516	2,557
Total equity and liabilities		892	2,110

Approved by the Board on .29 November 2019 and signed on its behalf by:

Simon Charles
Director

The notes on pages 38 to 61 form an integral part of these financial statements.

Abal Group plc (formerly known as Imaginatik plc)

(Registration number: 03936915)
Company Statement of Financial Position as at 31 March 2019

	Note	2019 £ 000	2018 £ 000
Assets			
Non-current assets			
Property, plant and equipment	14	-	23
Intangible assets	15	-	928
Trade and other receivables	16	-	341
		-	1,292
Current assets			
Trade and other receivables	16	121	876
Cash and cash equivalents		771	61
		892	937
Total assets		892	2,229
Equity and liabilities			
Equity			
Share capital	17	4,767	4,765
Share premium		9,599	8,350
Other reserves		1,217	1,252
Retained earnings		(15,207)	(14,695)
Total equity		376	(328)
Non-current liabilities			
Deferred income	19	-	582
Current liabilities			
Trade and other payables	20	463	1,975
Derivative financial instruments	18	53	-
Total liabilities		516	2,557
Total equity and liabilities		892	2,229

The Company has taken advantage of the exemption under S408 of the Companies Act 2006 and has not presented its own statement of comprehensive income. Of the consolidated result for the year ended 31 March 2019 a loss of £493,000 (2018 - loss of £1,183,000) is attributable to the Company.

Approved by the Board on 29 November 2019 and signed on its behalf by:

Simon Charles
Director

The notes on pages 38 to 61 form an integral part of these financial statements.

Abal Group plc (formerly known as Imaginatik plc)

Consolidated Statement of Cash Flows for the Year Ended 31 March 2019

	Note	2019 £ 000	2018 £ 000
Cash flows from operating activities			
Loss for the year		(374)	(1,155)
Adjustments to cash flows from non-cash items			
Depreciation, amortisation and impairments	8,9	203	568
Profit on sale of business	4	(935)	-
Share based payment transactions		(35)	54
Derivative financial instrument	18	34	-
Income tax credit	11	(141)	(200)
Interest	10	8	13
		(1,240)	(720)
Working capital adjustments			
Decrease in trade and other receivables	16	156	788
Decrease in trade and other payables	20	(512)	(1,059)
Cash absorbed by operations		(1,596)	(991)
Finance costs		(8)	(13)
Income taxes received	11	141	200
Net cash flow from operating activities		(1,463)	(804)
Cash flows from investing activities			
Acquisitions of property plant and equipment		-	(11)
Proceeds from sale of business	4	1,207	-
Acquisition of intangible assets	15	(205)	(550)
Net cash flows from investing activities		1,002	(561)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs		1,171	1,309
Net increase/(decrease) in cash and cash equivalents		710	(56)
Cash and cash equivalents at 1 April		61	117
Cash and cash equivalents at 31 March		771	61

The notes on pages 38 to 61 form an integral part of these financial statements.

Abal Group plc (formerly known as Imaginatik plc)

Company Statement of Cash Flows for the Year Ended 31 March 2019

	Note	2019 £ 000	2018 £ 000
Cash flows from operating activities			
Loss for the year		(493)	(1,183)
Adjustments to cash flows from non-cash items			
Depreciation, amortisation and impairments	8,9	203	568
Profit on sale of business	4	(935)	-
Share based payment transactions		(35)	54
Derivative financial instrument	18	34	-
Income tax credit	11	(141)	(200)
Interest	10	8	13
		(1,359)	(748)
Working capital adjustments			
Change in intercompany balance		119	-
Decrease in trade and other receivables	16	156	816
Decrease in trade and other payables	20	(512)	(1,059)
Cash absorbed by operations		(1,596)	(991)
Finance costs		(8)	(13)
Income taxes received	11	141	200
Net cash flow from operating activities		(1,463)	(804)
Cash flows from investing activities			
Acquisitions of property plant and equipment		-	(11)
Proceeds from sale of business	4	1,207	-
Acquisition of intangible assets	15	(205)	(550)
Net cash flows from investing activities		1,002	(561)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs		1,171	1,309
Cashflow from financing activities		1,171	1,309
Net increase/(decrease) in cash and cash equivalents		710	(56)
Cash and cash equivalents at 1 April		61	117
Cash and cash equivalents at 31 March		771	61

The notes on pages 38 to 61 form an integral part of these financial statements.

Abal Group plc (formerly known as Imaginatik plc)

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2019

	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2017	4,041	7,765	1,198	(13,659)	(655)
Employee share-based payment options	-	-	54	-	54
Issue of share capital	724	585	-	-	1,309
Transactions with owners	724	585	54	-	1,363
Loss for the year and total comprehensive income	-	-	-	(1,155)	(1,155)
At 31 March 2018	4,765	8,350	1,252	(14,814)	(447)

	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2018	4,765	8,350	1,252	(14,814)	(447)
Conversion of debt to equity	-	-	-	(19)	(19)
Employee share-based payment options	-	-	(35)	-	(35)
Issue of share capital	2	1,249	-	-	1,251
Transactions with owners	2	1,249	(35)	(19)	1,197
Loss for the year and total comprehensive income	-	-	-	(374)	(374)
At 31 March 2019	4,767	9,599	1,217	(15,207)	376

The notes on pages 38 to 61 form an integral part of these financial statements.

Abal Group plc (formerly known as Imaginatik plc)

Company Statement of Changes in Equity for the Year Ended 31 March 2019

	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2017	4,041	7,765	1,198	(13,512)	(508)
Employee share-based payment options	-	-	54	-	54
Issue of share capital	724	585	-	-	1,309
Transactions with owners	724	585	54	-	1,363
Loss for the year and total comprehensive income	-	-	-	(1,183)	(1,183)
At 31 March 2018	4,765	8,350	1,252	(14,695)	(328)

	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Retained earnings £ 000	Total £ 000
At 1 April 2018	4,765	8,350	1,252	(14,695)	(328)
Conversion of debt to equity	-	-	-	(19)	(19)
Employee share-based payment options	-	-	(35)	-	(35)
Issue of share capital	2	1,249	-	-	1,251
Transactions with owners	2	1,249	(35)	(19)	1,197
Loss for the year and total comprehensive income	-	-	-	(493)	(493)
At 31 March 2019	4,767	9,599	1,217	(15,207)	376

The notes on pages 38 to 61 form an integral part of these financial statements.

1 General information

Until February 2019, the group headed by Abal Group PLC was one of the leading providers of collaborative innovation software and related professional services to large and medium-sized enterprises. In February 2019 the group sold all of its business and assets, and from that date became a cash shell. The Company is a public company limited by share capital incorporated and domiciled in the UK. The address of its registered office is 27/28 Eastcastle Street, London W1W 8DH. The Company's ordinary shares are traded on the AIM Market of the London Stock Exchange. The Company has adopted the requirements of International Financial Reporting Standards (IFRS) and IFRIC interpretations endorsed by the European Union (EU) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, except for the treatment of share options, and are in accordance with applicable accounting standards. These financial statements have been prepared in accordance with the accounting policies set out below, which have been consistently applied to all the years presented. These accounting policies comply with applicable IFRS and IFRIC interpretations issued and effective at the time of preparing these statements.

2 Accounting policies

Going concern

For the reasons set out below, the Directors consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

At the year-end the group had cash balances of £771,000 (2018; £61,000) and other net current liabilities of £395,000 (2018: other net liabilities £1,800,000). The group has posted a loss for the year after tax of £374,000 (2018: £1,155,000) and retained losses were £15,207,000 (2018: £14,814,000).

The group to date has met its financing requirements through the regular placing of new shares, raising in the year a net cash amount of £1,217,000 (2018: £1,450,000).

The group is currently a cash shell listed on AIM that is seeking new investment opportunities. The Directors have reviewed the forecast expenditures for the next 12 months excluding the consequences of any new investment plans.

After the year-end, on 27 September 2019, the group announced that a conditional share purchase and sale agreement had been reached to acquire all of the share capital of Supply@Me. Supply@Me is an Italian company that has developed an innovative, proprietary, digital system which underpins a fintech platform that enables customers to carry out 'inventory monetisation' transactions by transforming their unsold stock of goods to Supply@Me. The consideration will only be by the issue of new ordinary shares in Abal, the number of which is uncertain, and a further share placing is planned to cover the costs of the proposed transaction and to provide working capital and development capital. This transaction would be both a reverse takeover and a related party transaction, and is still subject to several key approvals. There is no assurance that the agreement will complete on the current terms or at all.

Providing that the group is able to successfully complete the announced conditional share and purchase agreement, and to raise the necessary funding through a new issue of shares, the directors consider that the group will have sufficient financial resources to continue in operational existence for the foreseeable future and, therefore, that it is appropriate to adopt the going concern basis in preparing these financial statements. As with all business forecasts, the Directors' statement cannot guarantee that the going concern basis will remain appropriate given the inherent uncertainty about future events, specifically due to the material uncertainty over the raising of funds. Until the proposed acquisition is completed, there remains a material uncertainty around going concern. At the year-end on 31 March 2019 the group had sold all of its business and assets, and was a cash shell that was seeking new investment opportunities. The group had net cash funds at 31 March 2019 of £771,000 (2018 - £61,000). The directors have announced that they are seeking new investment opportunities, and further investment may be required from shareholders when suitable investments have been identified. Meanwhile, the Directors have concluded, after taking account of its current funding position, its expectation of raising additional funding if needed from shareholders, and its ongoing commitments as a holding company, the Group and the Company expect to have adequate resources to continue in operational existence for the foreseeable future. For these reasons the Directors continue to prepare the financial statements on a going concern basis. There remains a material uncertainty around going concern. These financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 March 2019. Subsidiaries are entities over which the Group has the control. Control comprises an investor having power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power. The Company has taken advantage of the exemption under S408 of the Companies Act 2006 and has not presented its own statement of comprehensive income.

New and revised accounting standards and interpretations

IFRS 15 'Revenue from Contracts with Customers' and the related clarifications have replaced IAS 18 'Revenue', and IFRS 9 has replaced IAS 39 'Financial Instruments: Recognition and Measurement'. The application of IFRS 15 and IFRS 9 has been applied retrospectively to customer contracts - see the paragraphs below headed Revenue Recognition and Financial Assets. The application of IFRS 15 and IFRS 9 has not required any change to prior period reported numbers. A number of new standards are effective for annual periods beginning after 1 January 2019 earlier application is permitted. However, the Group has not adopted the new or amended standards in preparing these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements: 'Amendments to references to Conceptual Framework in IFRS Standards', 'IFRS 16 Leases', 'Definition of a Business' (amendments to IFRS 3), 'Definition of Material' (amendments to IAS 1and IAS 8), and 'IFRS 17 Insurance Contracts'.

Profit and loss on discontinued operations

A discontinued operation is a component of the Group that has been disposed of. Profit and loss from discontinued operations comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on disposal of that component.

Revenue recognition

Prior to the sale of the business in February 2019, revenue was measured at the fair value of the consideration received or receivable net of sales related taxes. Income for the group was derived from two sources: Technology and Consultancy. These sources are service-based rather than through the sale of goods. IFRS 15 has been applied fully retrospectively without the need to adjust prior period amounts. The policies for income recognition in respect of each of the different sources of income were such that income is recognised by reference to the stage of completion of the transaction at the end of the reporting period. In applying the income recognition policies below where there is a requirement for a contract to be signed, income is recognised in accordance with the policy when the contract has been signed or persuasive evidence that an arrangement exists.

a) Consulting:

Performance obligations are the delivery of solutions as defined in the project contract. Delivery of these performance obligations are measured by the consultants time spent to date on the project as a percentage of the total consultants time planned for the completion of the project. On this basis, the income and labour expense relating to a consulting contract are recognised in the month in which the consulting takes place, and usually are recognised evenly over the term of the contract. Two key judgements are the planned time at the outset for the completion of each project, and the early recognition of any project that is likely to over-run and so may require a contract loss reserve.

b) Technology:

The performance obligations are the provision of the customer's selection of integrated services from our suite of technology based services over an agreed contract term. The contract term is typically one year, but may be longer or shorter than this period. Each customer's service plan for the contract period integrates access to the relevant parts of the group's suite of proprietary software together with hosting services provided by the group and customer maintenance support. At the end of the contract period, the customer no longer has access to the software and other services. Income arising from the provision of these integrated services are recognised evenly over the period of the contract, once an agreement has been signed or persuasive evidence of an arrangement exists. Third party costs in respect of the suite of technology products are spread over the period covered by the suppliers' invoices for their services. Internal labour costs are expensed as incurred for the development of the technology products, for all pre-contract time commitments, and for the maintenance support during the contract period.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Costs in respect of operating leases are charged on a straight line basis over the term of the lease in arriving at the operating loss before taxation.

Defined contribution pension obligation

Contributions to the group's defined contributions pension scheme are charged to profit or loss in the period in which they become payable.

Property, plant and equipment

Prior to the sale of all the business and business assets in February 2019, all property, plant and equipment was stated at cost less subsequent depreciation and impairment. The costs of the property, plant and equipment was their purchase price plus any incidental costs of acquisition. Depreciation commences at the point the asset is brought into use.

If there is any indication that an asset's value is less than its carrying amount an impairment review is carried out. Where impairment is identified an asset's value is reduced to reflect this.

The residual values and useful economic lives of fixed assets are reviewed by management on an annual basis and revised to the extent required.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all property, plant and equipment equally over their expected useful lives. It is calculated at the following rates: Leasehold improvements - over the life of the lease, and Fixtures, fittings and equipment at 33% per annum.

Intangible assets

The following was applicable prior to the sale of the business and all business assets in February 2019:

Software licences

The costs of significant groups of software licences are capitalised and then amortised over the useful economic lives of the software concerned. Amortisation is charged to administrative expenses.

The cost of intangible assets is their purchase price plus any incidental costs of acquisition. Amortisation begins from the time the asset is brought into use.

Research and development

The cost of research is charged to the statement of comprehensive income in the period in which it is incurred. Development expenditure is capitalised only if the Company can demonstrate the following conditions:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs not meeting the criteria for capitalisation are expensed in the period in which they are incurred. The cost of an internally generated intangible asset comprises all directly attributable costs, including labour costs, necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Until completion of the development project, the assets are subject to impairment testing only. Amortisation commences when the asset is brought into use, and is shown within 'Administrative Expenses' on the consolidated statement of comprehensive income.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	**Amortisation method and rate**
Software	20% to 33% per annum
Development costs	20% per annum

Impairment

At the end of each accounting period the Group assess the recoverable amounts of intangible assets. Where there is an indication of impairment an impairment loss is recognised for the amount by which the assets carrying value exceed its recoverable amount. Impairment losses are recognised in the profit and loss.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred tax is recognised on differences 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 statement of financial position 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 difference arises from goodwill or from the initial recognition (other than in a business combination) 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 each statement of financial position date 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 realised based on tax rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax and current tax are charged or credited to profit or loss, except when it relates to items charged or credited in other comprehensive income or directly to equity, in which case the deferred tax is also recognised in other comprehensive income or equity respectively.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Share options

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement. The Group has no cash settled share based payments.

Where share warrants are issued, the fair values of the options are accounted for through Other Reserves until exercised or lapsed.

Foreign currency transactions and balances

The presentational currency of the group and functional currency of the trading entities is Sterling. Transactions entered into by group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Employee benefits

The Company accounts for employee benefits in accordance with IAS 19. Under IAS 19 there is a requirement to recognise the monetary value of employee benefits accruing but not yet settled, typically holiday pay. There is a requirement to account for the value of the liability for employee benefits to be paid in the future for services provided up to the reporting date.

Financial assets

Classification

Financial assets currently comprise trade and other receivables, cash and cash equivalents.

Recognition and measurement

Loans and receivables

Loans and receivables are mainly contractual trade receivables, and are non-derivative financial assets with fixed or determinable payments that do not have a significant financial component and are not quoted in an active market. Accordingly, trade and other receivables are recognised at undiscounted invoice price. A reserve for credit risk is made at the beginning of each transaction, and adjusted subsequently through profit and loss.

Cash and cash equivalents
Cash and other short-term deposits in the Statement of Financial Position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less and where there is an insignificant risk of changes in value. In the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Financial liabilities

Classification

Financial liabilities comprise trade and other payables, convertible loan notes and derivative financial instruments

Recognition and measurement

Trade and other payables
Trade and other payables are initially recognised at fair value less transaction costs and thereafter carried at amortised cost.
The Group's derivative financial instruments are a convertible loan note that was both issued and then cleared in the year by a debt for equity swap, and warrants were issued with options to acquire shares that are accounted for at fair value, with changes in value taken through profit and loss. The release of the fair value discount on the debt for equity swap has been taken direct to retained earnings.

Share capital

Equity comprises the following:
"Issued 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.
"Other reserves" represents equity-settled share-based employee remuneration until such share options are exercised.
"Retained losses" represents retained losses.

Critical judgements and significant accounting estimates

Prior to the sale of the business and business assets in February 2019, all of the following statements are applicable. After that date, the Group is a cash shell that is operating as a listed holding company seeking new investment opportunities, and the following statements have only limited applicability. In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate. The most significant areas where judgement and estimates have been applied are as follows:

Judgements

The value of the awards under the modified and new employee share option scheme and warrants for share options were measured, in accordance with IFRS 2, by reference to their fair value at the date on which they were granted or issued. Judgement was required in determining the most appropriate valuation model (see Note 18).
At the end of each accounting period the Group assesses the recoverable amounts of intangible assets. Where there is an indication of impairment an impairment loss is recognised for the amount by which the assets carrying value exceed its recoverable amount. Impairment losses are recognised in the profit and loss.
The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Until completion of the development project, the assets are subject to impairment testing only. Amortisation commences upon completion of the asset, and is shown within 'Administrative Expenses' on the consolidated statement of comprehensive income.
At the end of each period all contracts with customers are reviewed for contracts loss reserves.
At the end of each accounting period, the group assess it's ability to continue for a period of at least 12 months from the date the financial statements are approver, by reviewing budgets and forecasts for future trading years (as noted above in Note 2).
An assessment is made whether derivative financial instruments on issue are debt or equity – see Note 18.

Estimates

Significant assumptions were necessary in arriving at the inputs into the valuation model for modified and new share option arrangements (see Note 18).

3 Segmental reporting – continuing and discontinued operations

In February 2019 the group sold all of its business and assets. Consequently, disclosure of segmental information is no longer appropriate, and instead the group's results are reported separately under headings for the group's continuing operations as a holding company and for the discontinued operations. The comparative statement of profit and loss has been restated as is the operation had been discontinued from the start of the prior year.

4 Discontinued operations

On 4 February 2019, the group disposed of the technology and consultancy operating segments, which formed the group's trading activity operations. The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	2019	2018
	£ 000	£ 000
Revenue	2,297	3,681
Expenses	(3,048)	(4,493)
Loss before tax	(751)	(812)
Tax credit relating to profit before tax of discontinued operations	141	200
Loss after tax	(610)	(612)
Profit on sale of business and assets	935	-
Tax on profit on sale of business and assets	-	-
Net gain attributable to discontinued operations	325	(612)

The carrying amount of assets and liabilities sold and the profit on disposal may be summarised:

	2019
	£000
Property, plant and equipment	13
Intangible assets	1,059
Other net liabilities	(721)
Net assets/(liabilities) sold	351
Disposal proceeds (Cash £1,240,000 Deferred consideration £46,000 - no fair value adjustment required for contingent consideration)	1,286
Profit on disposal	935

Notes to the Financial Statements for the Year Ended 31 March 2019

Contracts with customers:

The group presents the following disclosures in accordance with IFRS 15 for all the contracts with customers that were sold in February 2019:

The cash (consumed) by the discontinued operations prior to disposal may be summarised:

	2019	2018
	£000	£000
Operating activities	(303)	(720)
Investing activities	(192)	(561)
Cash consumed	(495)	(1,281)

Analysis of revenue from customers – 2019 10 months (2018: 12 months):

	2019	2018
	£000	£000
Technology contracts – over time basis	1,962	2,841
Consultancy contracts – point in time basis	335	840
Total revenue	2,297	3,681

Impairment losses for contract related assets – 2019 10 months (2018: 12 months):

	2019	2018
	£000	£000
Reserve for impairment losses	0	6

Contract balances

	Opening Balances £000	Closing Balances £000
Year ended 31 March 2019:		
Receivables:		
Non-current	341	-
Current	459	-
Contract assets	-	-
Contract liabilities – deferred income	2,918	-
Contract loss reserve	6	-
Year ended 31 March 2018:		
Receivables:		
Non-current	97	341
Current	1,442	459
Contract assets	-	-
Contract liabilities – deferred income	4,361	2,918
Contract loss reserve	10	6

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period were £2,918,000 (2018: £4,361,000).

Revenue recognised in the reporting period from performance obligations satisfied in the previous period were £Nil (2018: £Nil).

The majority of customers were large multi-national entities and the contract terms with these customers require payment in advance of the delivery of contract obligations. Contract liabilities – deferred income relate to performance obligations that are unsatisfied at the end of the reporting period. These amounts are expected to be recognized in the following year.

5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £ 000	2018 £ 000
Wages and salaries	1,398	2,349
Social security costs	141	230
Other short-term employee benefits	59	133
Pension costs, defined contribution scheme	15	9
Redundancy costs	204	-
Share-based payment expenses	(35)	54
	1,782	2,775

After the sale of the business in February 2019, there were no full time employees.

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Administration and support	23	35

6 Key management personnel

Key management compensation

	2019 £ 000	2018 £ 000
Salaries and other short term employee benefits	506	794
Loss of office	182	-
Post-employment benefits	6	5
	694	799

Retirement benefits are accruing to one of the Company directors under a defined contribution scheme (2018 - one).

The directors' emoluments are shown in the remuneration report on page 16.

All full time employees left the Group following the sale of the business in February 2019.

7 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2019 £ 000	2018 £ 000
Sub lease rental income	66	65

8 Operating loss

Arrived at after charging/(crediting)

	2019 £ 000	2018 £ 000
Depreciation expense	10	13
Amortisation expense	193	171
Impairment loss	-	384
Research and development cost	-	241
Foreign exchange (gains) / losses	161	(139)
Operating lease expense - property	151	147

9 Auditors' remuneration

	2019 £ 000	2018 £ 000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	40	28
Fees payable to the Company's auditor and its associates for other services:		
Audit of the accounts of subsidiaries	-	1
Tax advisory services	4	4
	44	33

10 Finance income and costs

	2019 £ 000	2018 £ 000
Finance costs		
Interest	8	13
Movement – fair value derivative financial instruments	34	-
Total	42	13

11 Income tax

Tax credited in the income statement

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax credit – discontinued operations – Note 4	(141)	(200)

The tax on (loss)/ profit before tax for the year is less than (2018 - less than) the standard rate of corporation tax in the UK of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Loss before tax	(374)	(1,355)
Corporation tax at standard rate	(71)	(257)
Increase (decrease) from effect of capital allowances depreciation	2	(3)
Effect of revenues exempt from taxation	(197)	(5)
Effect of expenses not deductible in determining taxable profit (tax loss)	49	16
Increase (decrease) from effect of tax incentives	29	-
Tax decrease from utilisation of tax losses	154	-
Other tax effects for reconciliation between accounting profit and tax expense (income)	1	1
Increase (decrease) in UK and foreign current tax from unutilised tax losses	33	248
Increase (decrease) in UK and foreign current tax from R&D tax credits received relating to prior periods	(141)	(200)
Total tax credit	(141)	(200)

Factors that may affect future tax charges:

At 31 March 2019 the group had sold all its business and assets. As a result, the tax trading losses of about £11 million brought forward from the prior period are no longer available to the group.

12 Earnings per share

The calculation of the Basic earnings per share (EPS) is based on the loss attributable to equity holders of the parent for the year from continuing operations of £699,000 (2018 – loss £543,000) and a profit on discontinued operations of £325,000 (2018 – loss £612,000) giving a net total loss for the year of £374,000 (2018 - loss of £1,115,000) and on a weighted average number of ordinary shares in issue of 52,989,928 (2018 – 20,666,760 having been adjusted for the 1 for 10 share consolidation).

The diluted EPS for the discontinued operations is a profit of 0.57p. The diluted EPS for the continuing operations and the diluted EPS in total (and in the prior year) were the same as the Basic EPS as they were all losses. For the calculation of the diluted EPS for the discontinued operations, the profit used was the same as for the Basic EPS, and the Basic weighted average number of shares was increased by 4,428,860 shares in respect of the outstanding share options and convertible loan note. At 31 March 2019, 7,946,158 options (2018: Nil) were excluded because their effect would have been anti-dilutive. The average mark value of the shares for the purposes of calculating the dilutive effect was based on quoted market prices for the year during which the options were outstanding.

13 Investments

Group
Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held 2019	2018
Subsidiary undertakings				
Abal (Goswell) Limited	England and Wales	Ordinary shares	100%	100%
Imaginatik Inc.	United States of America	Ordinary shares	100%	100%

The business and assets of Abal (Goswell) Limited were sold in February 2019, and at the year end the company was dormant.

Imaginatik Inc. is dormant and has now been closed.

14 Property, plant and equipment

Group and Company

	Leasehold improvements £ 000	Fixtures and fittings £ 000	Equipment £ 000	Total £ 000
Cost or valuation				
At 1 April 2017	50	62	374	486
Additions	-	-	11	11
At 31 March 2018	50	62	385	497
At 1 April 2018	50	62	385	497
Disposal of business	(50)	(62)	(385)	(497)
At 31 March 2019	-	-	-	-
Depreciation				
At 1 April 2017	46	62	353	461
Charge for year	2	-	11	13
At 31 March 2018	48	62	364	474
At 1 April 2018	48	62	364	474
Charge for the year	1	-	9	10
Disposal of business	(49)	(62)	(373)	(484)
At 31 March 2019	-	-	-	-
Carrying amount				
At 31 March 2019	-	-	-	-
At 31 March 2018	2	-	21	23

15 Intangible assets

Group and Company

	Software £ 000	Development costs £ 000	Total £ 000
Cost or valuation			
At 1 April 2017	409	1,292	1,701
Additions	-	550	550
At 31 March 2018	409	1,842	2,251
At 1 April 2018	409	1,842	2,251
Additions	7	198	205
Disposal of business	(416)	(2,040)	(2,456)
At 31 March 2019	-	-	-
Amortisation			
At 1 April 2017	333	435	768
Amortisation charge	45	126	171
Impairment	-	384	384
At 31 March 2018	378	945	1,323
At 1 April 2018	378	945	1,323
Amortisation charge	26	167	193
Disposal of business	(404)	(1,112)	(1,516)
At 31 March 2019	-	-	-
Carrying amount			
At 31 March 2019	-	-	-
At 31 March 2018	31	897	928

16 Trade and other receivables

	Group		Company	
	2019 £ 000	2018 £ 000	2019 £ 000	2018 £ 000
Trade receivables	-	459	-	459
Allowance for credit losses	-	(6)	-	(6)
Net trade receivables	-	453	-	453
Receivables from related parties	-	-	-	119
Accrued income	-	1	-	1
Prepayments	45	301	45	301
Other receivables	76	2	76	2
Total current trade and other receivables	121	757	121	876

Group and Company

Non-current trade and other receivables of £Nil (2018 - £341,000) are trade receivables that become due more than a year after the Balance Sheet date, and as they do not have a significant financing component are stated at undiscounted invoice price. All other amounts are short-term and the net carrying value is considered a reasonable approximation of fair value.

Customer invoices are due for payment within 30 to 60 days of becoming contractually dues, however trade receivables that are less than 3 months old are not considered past due in view of normal customer payment patterns. As of 31 March 2019 £nil (2018: £nil) were past due but not impaired following management review of the receivables.

The Group trades only with recognised, credit-worthy third parties. A reserve for credit risk is made at the beginning of each transaction, and adjusted subsequently through profit and loss Receivable balances are monitored on an ongoing basis with the aim of minimising the group's exposure to bad debts or being unable to realise amounts recoverable on contracts. The maximum exposure is the carrying amount above. There are no significant concentrations of credit risk within the group. The Group has reviewed in detail all items comprising the above past due but not impaired trade receivables to ensure that no impairment exists.

As at 31 March 2019, trade receivables of £nil (2018 - £6,000) were impaired and allowances for credit loss were provided for. All of trade receivables for prior periods have been reviewed for indicators of impairment.

Materially, at 31 March 2019 all of the Group and Company's other receivables are denominated in Pounds Sterling (2018: all trade and other receivables are denominated in US Dollars).

The balances and movements on the Group and Company credit loss reserve for the impairment of trade receivables are considered using the Simplified Approach as follows:

	£'000
At 1 April 2018	6
Movements on the provision for receivables impairment	(6)
Receivables written off during the year uncollectable	-
At 31 March 2019	-

The creation and release of provision for impaired receivables have been included in 'Administrative expenses' in the income statement.

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The group does not hold any collateral as security.

The inter-company receivables of the Company are not past due, not impaired and are regarded as fully performing assets. They are unsecured and repayable on demand.

17 Share capital and reserves

Allotted, called up and fully paid shares

	2019		2018	
	No. 000	£	No. 000	£
Ordinary shares of £0.00002 (2018 - £0.01) each	101,094	2	224,194	2,242
Deferred shares of £0.04000 each	63,084	2,523	63,084	2,523
2018 Deferred shares of £0.01000 (2018 - £0) each	224,194	2,241	-	-
	388,372	4,767	287,278	4,765

New shares allotted

During the year 78,674,905 Ordinary shares having an aggregate nominal value of £1,573 were allotted for an aggregate consideration of £1,355,161. Issue costs relating to the above package were £114,178 and have been deducted from the share premium account.

Share premium account

This reserve records the consideration premium for shares issued at a value that exceeds their nominal value, less any costs incurred relating directly to the issue of these shares.

Share capital reorganisation

On 29 June 2018 shareholders approved a share capital reorganisation for the sub-division and consolidation of the shares in issue at the time. This had the effect of reducing the number of ordinary shares by a factor of 10 and amending the nominal value of the shares to 0.002p per share. It also created a new class of deferred shares.

Other reserve account

This account acts as the share option reserve, and records the charges to the profit with respect to unexercised employee share options.

	2019	2018
	£ 000	£ 000
Reserve for granted employee share options	1,217	1,252
	1,217	1,252

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:
The Ordinary shares carry rights to participate in dividends and distributions declared by the Company and each share carries the right to one vote at any general meeting. There are no rights of redemption attaching to the Ordinary shares.
Deferred shares have the following rights, preferences and restrictions:
The deferred shares carry no rights to receive any dividend or distribution and carry no rights to vote at any general meeting. On a return of capital the Deferred shareholders are entitled to receive the amount paid up on them after the Ordinary shareholders have received £100,000,000 in respect of each share held by them. The Company may purchase all or any of the Deferred shares at an appropriate consideration of £1.
2018 Deferred shares have the following rights, preferences and restrictions:
The deferred shares carry no rights to receive any dividend or distribution and carry no rights to vote at any general meeting.

Allotted, called up and fully paid shares

	2019		2018	
	No. 000	£	No. 000	£
At 1 April	287,277,999	4,765	214,912,886	4,041
Sub-division	224,193,710	-	-	-
Consolidation	(201,774,339)	-	-	-
Issued in the year	78,674,905	2	72,365,113	724
At 31 March	388,372,275	4,767	287,277,999	4,765

18 Share-based payments, convertible loan notes and derivative financial instruments

(1) Enterprise management scheme

Scheme details and movements

During the year the Group operated an approved Enterprise management scheme, an approved Incentive stock option agreement and an unapproved share option scheme.

For all schemes, options vest provided the employee who has been granted the option remains employed by the group at the earliest date that they may exercise the option. Each director or employee may exercise 50% of the options granted to them between two and ten years after the date of the grant. The remainder may be exercised between three and ten years after the date of the grant. Options are forfeited if the employee leaves the Company before the options vest. The options will be settled by the issue and allotment of fully-paid ordinary shares.

The movements in the number of share options during the year were as follows:

	2019 Number	(As restated) 2018 Number
Outstanding, start of period	2,494,387	1,796,100
Granted during the period	-	857,500
Forfeited during the period	(1,131,755)	(159,213)
Outstanding, end of period	1,362,632	2,494,387
Exercisable, end of period	533,631	869,471

The movements in the weighted average exercise price of share options during the year were as follows:

	2019	(As restated) 2018
Outstanding, start of period	30.9190p	35.9250p
Granted during the period	-	17.5000p
Forfeited during the period	37.2230p	15.1110p
Outstanding, end of period	23.5290p	30.9190p
Exercisable, end of period	33.5260p	34.8410p

Outstanding share options at year end:

2019 Number of options	2019 Exercise price	(As restated) 2018 Number of options	(As restated) 2018 Exercise price
73,936	67.36p	391,817	67.36p
3,753	25.20p	7,741	25.20p
135,376	37.50p	396,041	37.50p
51,567	48.80p	62,287	48.80p
-	28.80p	30,000	28.80p
538,000	16.25p	714,000	16.25p
-	13.75p	35,000	13.75p
560,000	17.50p	857,500	17.50p
1,362,632		2,494,386	

2018 figures have been restated for the share consolidation in June 2018.

The weighted average remaining contractual life is 5.95 years (2018 - 8.09 years).

The cost of options granted is spread over the option vesting period. The release for the year in relation to options held during the year is £35,304 (2018 - charge £54,443).

Following the sale of the business, all options lapsed in August 2019.

Fair value of options granted

The fair value of the new options of £Nil (2018 - £75,047) were calculated using the Black-Scholes-Merton model. The cancelled options had fully vested prior to cancellation. The inputs into the model were as follows:

	2018	2017	2016	2015
Volatility	100%	100%	88%	88%
Expected life	10 years	10 years	10 years	10 years
Share price *	17.50p	16.25p	48.80p	37.50p
Exercise price *	17.50p	16.25p	48.80p	37.50p
Dividend yield	0%	0%	0%	0%
Risk-free rate	0.25%	0.25%	2%	2%

* Restated for the share consolidation in June 2018.

External independent experts were used in determining the expected volatility. The figure used was determined by calculating the historical volatility of the share price of companies considered by the experts to be comparable to the Company.

(2) Convertible loan notes and derivative financial instruments

During the year, a convertible loan note was issued, and then cleared by a debt for equity swap. At the year-end, there were two warrants outstanding for options to acquire shares with a combined year-end fair value of £53,000 (2018:£Nil). These transactions may be summarised as follows:

(i) In October 2018, following a placing of shares at 1.1p, a warrant was issued for 7,272,727 options to acquire shares, exercisable for 3 years at 1.1p per share option or, if lower, the 5 day average price on AIM prior to exercising the option. The year-end fair value of these warrants is 0.37p per option to acquire a share, and has been calculated using the Black-Scholes-Merton model, and the year-end AIM listed share price of 0.68p giving a total fair value of £35,000 for all these options to acquire shares. The other inputs into the model were volatility 111%, dividend yield 0%, and risk free rate of 2.1%. At the time of the issue of the warrants for options to acquire shares, the share price on AIM had been suspended at 2.15p per share from September 2018, and the share price on AIM resumed at 2.5p the day after this placing.

(ii) In October 2018, a 3 year unsecured convertible loan note ('CLN') for £90,000 was issued. The terms of the CLN was an interest rate of 7.5% pa, and the conversion repayment option was in two parts – the issue of shares to repay the principal amount of the loan, and a warrant with the option to purchase additional shares. If the conversion option was exercised, the ordinary shares for the loan repayment would be issued a price of 1.1p or, if lower , the 5 day average price on AIM prior to exercising the conversion option. The warrant was for a number of options to acquire shares equal to half the number of shares issued for the repayment of the loan. The terms of the warrant were for 3 years and an exercise price of 1.1p or, if lower , the 5 day average price on AIM prior to exercising the warrant option. In January 2019, the conversion option was exercised. For the repayment of the loan 8,181,818 ordinary shares were issued at a price of 1.1p. On conversion, warrants were issued for options to acquire 4,090,909 shares, and these warrants were outstanding at 31 March 2019. For accounting purposes, the CLN on issue was attributed a fair value of £69,000 by discounting the loan repayments at an unsecured interest rate of 18%. As the Group had no other comparable unsecured borrowings, higher or lower interest rates might have been applied to calculate the discount factor, but these would not change materially the fair value of the CLN.

The gain on issue was credited to profit and loss. On exercising the conversion option in January 2019, the release of the £19,000 difference between the carrying value of the loan and the legal value was credited direct to retained earnings. At the time of exercising this conversion option, the fair value of share warrants was £33,000 and these warrants were revalued at the year end at 0.39p per share option using the same basis and factors outlined in the previous paragraph 18(2)(i), and giving a total value for these warrants of £18,000. The movement in the fair value was credited to profit and loss.

19 Non-current liabilities

	Group	Company	Group	Company
	2019	2019	2018	2018
	£ 000	£ 000	£ 000	£ 000
Deferred income	-	-	582	582

20 Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	£ 000	£000	£ 000	£ 000
Trade payables	65	249	65	249
Accrued expenses	318	1,630	318	1,630
Social security and other taxes	39	16	39	16
Outstanding defined contribution pension costs	1	11	1	11
Other payables	40	69	40	69
	463	1,975	463	1,975

21 Pension and other schemes

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group and Company in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund.

The total pension charge for the year represents contributions payable by the Group to the scheme and amounted to £15,000 (2018 - £9,149).

Contributions totalling £500 (2018 - £9,103) were payable to the scheme at the end of the year and are included in creditors.

22 Commitments

Group

Capital commitments
There are no material capital commitments at the year end (2018 - £Nil).

Other financial commitments
As at 31 March 2019 the group had non-cancellable operating leases relating to three properties occupied by the group as set out below:

	2019 Land and buildings £ 000	2018 Land and buildings £ 000
Minimum future payments:		
Due within one year	35	98
Later than one year and not later than five years	-	87
	35	185

23 Financial instruments

Financial assets – Group and Company

	Carrying value		Fair value	
	2019	2018	2019	2018
	£ 000	£ 000	£ 000	£ 000
Financial assets at amortised cost:				
Cash and cash equivalents	771	61	771	61
Trade receivables – non-current	-	341	-	341
Trade receivables - current	-	453	-	453
Other receivables - current	46	-	46	-
	817	855	817	855

Valuation methods and assumptions: The directors believe that the fair value of all financial assets approximates to the carrying value – see Note 16 for further details about trade receivables.

Financial liabilities – Group and Company

	Carrying value		Fair value	
	2019	2018	2019	2018
	£ 000	£ 000	£ 000	£ 000
Financial liabilities at amortised cost:				
Trade and other payables	105	543	105	543

	Fair value	
	2019	2018
	£ 000	£ 000
Financial liabilities at fair value through profit and loss:		
Derivative financial instruments	53	-

Valuation methods and assumptions: The directors believe that the fair value of trade and other payables approximates to the carrying value - see note 18 for further details of the fair value of derivative financial instruments.

Risk management

Until the sale of the business in February 2019, the group was exposed through its operations to the following financial risks: credit risk, foreign exchange risk; and liquidity risk.

In common with all other businesses, the group is exposed to risks that arise from its use of financial instruments. This note describes the group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments
The principal financial instruments used by the group, from which financial instrument risk arises, are as follows:

- trade receivables;
- cash at bank; and
- trade and other payables.

General objectives, policies and processes
The board has overall responsibility for the determination of the group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the group's finance function. The board receives monthly reports from the chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the board is to set polices that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details regarding these policies are set out below.

Interest rate risk

At present the directors do not believe that the group has significant interest rate risk and consequently does not hedge against such risk. Cash balances earn interest at variable rates.

The group's financial assets as at 31 March 2019 comprised cash at bank of £771,000 (2018 - £61,000). Interest is paid on cash at floating rates in line with prevailing market rates.

Sensitivity analysis

At 31 March 2019, had the LIBOR 1 MONTH rate increased by 1% with all other variables held constant, the increase in interest receivable on financial assets would amount to approximately £1,000 (2018 - £1,000). Similarly a 1% decrease in the LIBOR 1 MONTH rate with all other variables held constant would result in a decrease in interest receivable on financial assets of approximately £1,000 (2018 - £1,000).

Credit risk and impairment

Credit risk is the risk of financial loss to the group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The group is mainly exposed to credit risk from credit sales. It is group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings take into account local business practices. The group has a credit policy under which each new customer is analysed individually for creditworthiness before the group's standard payment and delivery terms and conditions are offered.
Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. To manage this, the group has made sure that they use reputable banks.

Until the sale of the business in February 2019, the group's chief financial officer monitored the utilisation of the credit limits regularly and at the reporting date does not expect any losses from non-performance by the counterparties other than what has already been provided for.

Foreign exchange risk

Foreign exchange risk arises because the group has operations located in various parts of the world whose functional currency is not the same as the functional currency in which the group companies are operating. Although its global market penetration reduces the group's operational risk in that it has diversified into several markets, the group's net assets arising from such overseas operations are exposed to currency risk resulting in gains or losses on retranslation into sterling. Only in exceptional circumstances will the group consider hedging its net investments in overseas operations as generally it does not consider that the reduction in foreign currency exposure warrants the cash flow risk created from such hedging techniques.

The group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency (primarily US dollars or pound sterling) with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the group.
Currency profile

Financial assets
- Cash Sterling: £670,000 (2018 - £10,000)
- Cash US dollar: £101,000 (2018 - £51,000)
- Trade receivables Sterling: £nil (2018 - £50,000)
- Trade receivables US dollar: £nil (2018 - £772,000)
- Trade receivables Euro: £nil (2018 - £14,000)

Financial liabilities
- Trade payables Sterling: £51,000 (2018 - £75,000)
- Trade payables US dollar: £15,000 (2018 - £175,000)
- Trade payables Euro: £nil (2018 - £1,000)

Sensitivity analysis

At 31 March 2019, if Sterling had strengthened by 10% against USD with all other variables held constant, loss before tax for the year would have been approximately £12,000 (2018 - £110,000) higher, mainly as a result of foreign exchange losses on translation of USD denominated cash and cash equivalents and trade receivables, compensated by foreign exchange gains on translation of USD denominated trade payables and deferred revenues.

Conversely, if Sterling had weakened by 10% against USD with all other variables held constant, loss before tax for the year would have been approximately £12,000 (2018 - £110,000) lower.

Liquidity risk

Liquidity risk arises from the group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due.

The group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The board receives rolling 12-month cash flow projections on a regular basis as well as information regarding cash balances. At the date of signing these financial statements, there is a material uncertainty about going concern. If cash resources are insufficient, the directors expect that sufficient additional funding can be raised from shareholders.

There were no undrawn facilities at 31 March 2019 or 31 March 2018.

Capital risk management

Capital management
The Group's capital management objectives are to ensure the Group is appropriately funded to continue as a going concern and to provide an adequate return to shareholders commensurate with risk. The Group defines capital as being total shareholders' equity. The Group has no external debt finance and hence gearing is not measured. The Group's capital structure is periodically reviewed and, if appropriate, adjustments are made in the light of expected future funding needs, changes in economic conditions, financial performance and changes in Group structure.

The Group adheres to the capital maintenance requirements as set out in the Companies Act.

Capital for the reporting periods under review is summarised as follows:
- Total equity: £376,000 (2018 - £(447,000))
- Cash and cash equivalents: £771,000 (2018 - £61,000)

Cash shell seeking new investment opportunities

Following the sale of the business in February2019, the group became a listed cash shell seeking new investment opportunities. There were no longer the trading risks set out in the preceding sections of this note, and now the directors were focused on the new main risks which were the failure to identify in time a suitable investment, and to maintain sufficient cash resources in the period prior to finalising the arrangements for that investment.

24 Related party transactions

Matthew Cooper, Shawn Taylor, Simon Charles, Ralph Welborn, John Treacy and Angus Forrest are all related parties by virtue of their directorships during the year. The directors' emoluments are shown in the remuneration report on page 15. At the year-end £30,000 (2018: £Nil) was outstanding.

Simon Charles is a partner in Marriott Harrison LLP, legal advisors to the Company. During the year Abal Group PLC incurred legal fees with Marriott Harrison LLP amounting to £126,222 (2018 - £63,456). At the year-end £20,154 (2018 - £22,757) was outstanding.

The following transactions occurred during the year and at the end of the year the following amounts were due to related parties.The Company made purchases of services from Abal (Goswell) Limited in the year totalling £15,000 (2018 - £28,000). At 31 March 2019 Abal (Goswell) Limited owed the Company £nil (2018 - £119,000).

25 Controlling party

The directors do not believe that a controlling party exists.

26 Subsequent event

On 27 September 2019, the group announced that a conditional share purchase and sale agreement had been reached to acquire all of the share capital of Supply@Me SRL. Supply@Me SRL is an Italian company that has developed an innovative, proprietary, digital system which underpins a fintech platform that enables customers to carry out 'inventory monetisation' transactions by transforming their unsold stock of goods to Supply@Me SRL. The consideration will only be by the issue of new ordinary shares in Abal, the number of which is uncertain, and a further share placing is planned to cover the costs of the proposed transaction and to provide working capital and development capital. This transaction would be both a reverse takeover and a related party transaction, because of the relationships between certain persons in relation to the Company and Supply@Me SRL, and is still subject to several key approvals. There is no assurance that the agreement will complete.