MXC Capital Limited

Annual Report and
Financial Statements for the year ended
31 August 2023

Registered in Guernsey
with company number 58895

Company information

Directors	Ian Smith (Chief Executive Officer) Paul Guilbert (Non-executive Director)
Secretary	Carey Commercial Limited
Country of incorporation and registration	Guernsey
Company number	58895
Registered office	1st & 2nd Floor Elizabeth House Les Ruettes Brayes St Peter Port Guernsey GY1 1EW
Bankers	HSBC Bank plc Arnold House St Julian's Avenue St Peter Port Guernsey GY1 3NF
Solicitors	Carey Olsen (Guernsey) LLP PO Box 98 Carey House Les Banques St Peter Port Guernsey GY1 4BZ
Auditor	Grant Thornton Limited St James Place St James Street St Peter Port Guernsey GY1 2NZ

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Chief Executive Officer's Report

We are pleased with the progress we have made during the year as we continue to exit our investments and return capital to shareholders.

In November 2022, we converted the £14.7 million of debt we held in Tialis Essential IT plc ("Tialis", formerly IDE Group plc) to equity. At the date of this report, we now hold 75.2% of the issued share capital of that company. Tialis had been exploring resolutions for its significant levels of debt as the final stage of its restructuring. The board of Tialis believed that reducing the company's indebtedness would allow it to grow both organically and through acquisition, should the right accretive opportunities become available. We believe that facilitating the debt reduction in Tialis gives us the best opportunity to maximise the future value of our investment in that company. The shares in Tialis were issued at an agreed notional price of 89.2p per share (based on the Tialis share price between 28 September and 5 October 2022). Whist the current share price of Tialis is significantly below this level, we believe the fall to be caused by the dilution of Tialis's shareholders as a result of the loan note conversion and the subsequent lack of liquidity in the stock. We believe the underlying value of Tialis to be significantly in excess of that represented by its current share price and we remain confident that this value will be reflected in our ultimate exit from this investment.

CloudCoCo Group plc, our other remaining quoted investment, has made encouraging progress, with increased levels of EBITDA from its trading operations being generated following its recent period of acquisition and consolidation.

Our largest private company investment, our joint venture with Liberty Global, continues to deliver strong levels of sales, profitability and cash generation.

We continue to be encouraged by the underlying performance of our investee companies and believe they are well-placed to weather any headwinds resulting from the current global and domestic economic and political challenges.

In April 2023, we returned £3.2 million to shareholders by way of a tender offer (see note 17). The return of capital to investors upon exit from investments, announced at the time of the delisting from AIM in March 2020, will continue until we ultimately exit all of our investments, at which point the cash remaining will be returned to shareholders and the Company wound up. We remain focused on achieving this within the timeframe outlined at the time of our delist, however, if market conditions do not allow us to realise the value we expect for our investments, we will continue to support our investee companies with both capital and resources, as necessary.

Financial Review

Change in accounting treatment of subsidiaries

IFRS 10, "Consolidated Financial Statements", is the accounting standard which deals with the presentation and preparation of the financial statements of groups. The requirements of IFRS 10 differ according to whether the parent of the group meets the definition of an IFRS 10 investment entity ("Investment Entity"). Previously, in the opinion of the directors, the Company was not an Investment Entity, and therefore, in accordance with IFRS 10, financial statements were prepared in which all subsidiaries are consolidated.

IFRS 10 requires a parent to reassess whether it has become an Investment Entity if relevant facts and circumstances change. Accordingly, following the conversion of the loan notes held in Tialis to equity on 3 November 2022, the Board reassessed whether the Company now met the definition of an Investment Entity and concluded that it did, effective from the date of conversion. See note 1.3 for further details.

If a company becomes an Investment Entity, IFRS 10 requires it to cease consolidation of its subsidiaries and, instead, reflect its investment in the subsidiaries as financial assets at fair value through profit or loss (in other words, they are accounted for as investments of the parent). A change in Investment Entity status is accounted for prospectively, from the date at which the change in status occurs.

Accordingly, on 3 November 2022, the Company applied the loss of control requirements of IFRS 10 to its previously consolidated subsidiaries and subsequently accounted for its investment in those entities at fair value. See note 3 for further details.

Chief Executive Officer's Report *(continued)*

Consolidated statement of profit or loss

As a result of the change in accounting treatment, the consolidated statement of profit or loss for the year ended 31 August 2023 on page 14 comprises the consolidated results of the Company and its subsidiaries for the 2 months from 1 September 2022 to 3 November 2022 plus the results of the Company as a stand-alone entity for the 10 months thereafter.

Figures in respect of the year to 31 August 2022 relate to the consolidated position of the Company and its subsidiaries.

Revenue

The Company does not trade and therefore has no revenue of its own. The revenue relates to the subsidiaries for the two months of consolidation.

Movement in fair value of financial assets held at fair value through profit or loss ("FVTPL") and dividends received

The movement in the fair value of financial assets held at FVTPL reflects the changes in the value of the Company's investment in its subsidiaries. By extension, this includes the movements in the value of the underlying investments held within the subsidiaries. As detailed in the investments table on page 3, the fair value of the investments held by the subsidiaries fell by £8.1 million.

During the year, the Company received a dividend of £3.2 million from a subsidiary. As a result of this, the subsidiary's cash balance, and therefore its fair value, fell by the same amount, thereby further reducing the fair value of the Company's investment in its subsidiaries. The net impact of the dividend and the subsidiary's resultant fall in value on the Company in the year is £nil, but they are presented separately in the consolidated statement of profit or loss.

In addition to the above, the fair value of certain subsidiaries increased in the year by £0.6 million, primarily due to trading profits generated within those entities. The aforementioned items led to an overall fall in the fair value of financial assets held at FVTPL in the year of £10.7 million.

Gain on transition to IFRS 10 investment entity

The gain of £42,000 arising from the Company's transition to IFRS 10 investment entity status is detailed in note 3.

Operating expenses and loss for the year

After accounting for the above items and operating expenses of £0.5 million, the loss for the year was £7.7 million.

Statement of financial position

The balances in the statement of financial position as at 31 August 2023 on page 15 relate to the Company as stand-alone entity only. Figures in respect of the years to 31 August 2022 relate to the consolidated position of the Company and its subsidiaries.

At 31 August 2023, the Company's net assets stood at £24.1 million. This figure comprises the fair value of the Company's investment in its subsidiaries, together with the current assets and liabilities of the Company; the largest liability being an intercompany balance owed to a subsidiary (£0.7 million). Whilst the Company's cash balance was £0.1 million, cash balances are managed on a Group basis and stood at £0.9 million at 31 August 2023.

Proforma financial statements

We are mindful that, following the change to Investment Entity status, the results for the year ended 31 August 2023 cannot be directly compared to those of previous periods. Although IFRS 10 mandates that an Investment Entity does not consolidate its subsidiaries, the Board believes that providing proforma, unaudited, consolidated results, on the same basis as those of previous financial years, is helpful to shareholders as it allows them to see the values of the underlying investments, loans and other assets and liabilities and to compare revenues and costs.

Set out below therefore are proforma, unaudited statements which show the consolidated results and balances of the Company and its subsidiaries excluding Tialis (the "Subsidiaries", together the "Group"). Whilst Tialis is technically a subsidiary company, it is held as an investment of the Group; its results and balances are not consolidated in the proforma figures and it is instead included in the proforma Group statement of financial position as an investment held at fair value through profit or loss.

Chief Executive Officer's Report *(continued)*

Proforma statement of financial position:

	Audited as reported[1] 31 August 2023 £000	Unaudited proforma[2] 31 August 2023 £000	Audited as reported[2] 31 August 2022 £000
Non-current assets			
Property, plant and equipment	-	2	29
Financial assets at fair value through profit or loss	24,728	22,194	16,439
Loans and other receivables	-	7,509	5,418
	24,728	29,705	21,886
Current assets			
Trade and other receivables	90	151	648
Loans and other receivables	-	25	15,572
Cash and cash equivalents	59	913	3,749
	149	1,089	19,969
Total assets	24,877	30,794	41,855
Current liabilities			
Trade and other payables	(797)	(201)	(240)
Income tax payable	-	(36)	(49)
Lease liabilities	-	-	(23)
Current and total liabilities	(797)	(237)	(312)
Net assets	24,080	30,557	41,543
Net assets attributable to non-controlling interests	-	(6,477)	(6,525)
Net assets attributable to the owners of the parent	24,080	24,080	35,018

[1]*Company-only position*
[2]*Consolidated position of the Group*

Financial assets at fair value through profit or loss
The Group's equity investment portfolio at 31 August 2023 was valued at £22.2 million (2022: £16.4 million) as shown in the following table:

	Fair value at 1 September 2022 £000	Additions £000	Change in fair value £000	Disposal proceeds £000	**Fair value at 31 August 2023 £000**
Cloudcoco Group plc	751	-	(169)	-	**582**
Tialis Essential IT plc	1,814	14,697	(8,137)	-	**8,374**
Private companies*	13,874	-	189	(825)	**13,238**
Total investments	16,439	14,697	(8,117)	(825)	**22,194**

* £6.5 million of the private company investments are attributable to non-controlling interests

Chief Executive Officer's Report *(continued)*

Financial assets at fair value through profit or loss (continued)
The loan notes and associated accrued interest in Tialis, totalling £14.7 million, were converted to equity in November 2022. Proceeds of £0.8 million were generated from the disposal of one of the Group's private investments.

The change in fair value of investments in the year of £8.1 million mainly relates to the fall in the share price of Tialis which, as explained on page 1, the Board believes to be due to the dilution to shareholders and the subsequent lack of liquidity, as a result of the loan note conversion, rather than the underlying trade and fundamentals within Tialis which continue to make strong progress.

Loans and other receivables
At 31 August 2023 the Group had outstanding loan capital and accrued interest (including deferred consideration) of £7.5 million (2022: £21.0 million). In addition to the conversion of the Tialis loan notes, during the year the Group advanced loans of £1.5 million to an investee company and £0.7 million was received in respect of loans repaid. £0.2 million of deferred consideration was received.

The Group's primary outstanding loan balance relates to loan notes and accrued interest held in CloudCoCo Group plc which stood at £5.4 million at 31 August 2023 and are due for repayment in October 2024.

Cash balances
Cash balances are managed on a consolidated basis and are predominantly held in Subsidiaries. The Group's cash balance at 31 August 2023 was £0.9 million, a fall of £2.8 million from the balance of £3.7 million at the start of the year. The primary cash movement was the payment of the tender offer in April 2023 which returned £3.2 million to shareholders. The remainder of the movement was the net result of the aforementioned investment and loan events and the Group's working capital movements.

Net assets attributable to the owners of the parent
As at 31 August 2023, the proforma net assets of the Group, excluding the minority (non-controlling) interests' share were the same as those of the Company, at £24.1 million (2022: £35.0 million).

Proforma statement of profit or loss
Again to enable shareholders to make a direct comparison with the results of previous years, a proforma statement of profit or loss has been provided on page 5 which shows the unaudited consolidated results of the Group for the year ended 31 August 2023.

Revenue
Revenue earned in the Subsidiaries totalled £1.4 million for the year which included £0.7 million of interest income in respect of loans and other receivables (2022: £1.9 million). £0.6 million of this loan interest income is accrued and receivable at the end of the loan The reduction in interest income is a result of the settlement of the Tialis loan notes via conversion to equity in the year.

Movement in fair value of financial assets held at fair value through profit or loss
As detailed in the investments table on page 3, the fair value of the Group's investments fell by £8.1 million in the year, which is reflected in the proforma statement of profit or loss for the Group.

Operating expenses
Total operating expenses of the Group before impairment provisions on loans receivable reduced to £1.0 million (2022: £1.1 million) as the Group continues to reduce its ongoing cost base.

Loss for the year
Primarily as a result of the fall in the fair value of investments, the Group's proforma loss for the year was £7.7 million, the same as that reported in the consolidated statement of profit or loss (2022: profit of £1.8 million).

Chief Executive Officer's Report *(continued)*

Proforma statement of profit or loss for the year ended 31 August:

	Audited as reported[1] 2023 £000	Unaudited proforma[2] 2023 £000	Audited as reported[2] 2022 £000
Fee income	116	700	779
Interest income	109	705	1,945
Revenue	225	1,405	2,724
Dividends received	3,250	-	-
Movement in fair value of financial assets held at FVTPL	(10,708)	(8,117)	(10)
Gain on transition to IFRS 10 investment entity	42	-	-
Impairment provision on loans receivable	-	(15)	185
Operating expenses	(468)	(952)	(1,069)
Operating (loss)/profit	(7,659)	(7,679)	1,830
Finance costs	(1)	(1)	(14)
(Loss)/profit on ordinary activities before taxation	(7,660)	(7,680)	1,816
Tax on (loss)/profit on ordinary activities	(6)	(34)	(57)
(Loss)/profit for the year	(7,666)	(7,714)	1,759
Attributable to:			
Owners of the parent	(7,666)	(7,666)	1,759
Non-controlling interests	-	(48)	-

[1]Consolidated Group results from 1 September 2022 to 3 November 2022 plus Company-only results thereafter
[2]Consolidated Group results

Outlook
Despite the significant fall in the share price of Tialis, which we believe undervalues that company, we are pleased with the continued progress made by the Group and its investee companies. We look forward to updating shareholders with further progress in due course.

Ian Smith
Chief Executive Officer
12 December 2023

Strategic Report

The directors present their Strategic Report for the year ended 31 August 2023.

Review of the business and future developments
A detailed review of the business for the year is set out in the Chief Executive Officer's Report and the Financial Review incorporated therein. Included in these reviews are comments on the key performance indicators that are used by the Board on a monthly basis to monitor and assess the performance of the business. These indicators predominantly comprise the fair value of the Company's investments and cash balances. Future developments and current trading and prospects are set out in the Chief Executive Officer's Report and the Financial Review. These reports are incorporated into this Strategic Report by reference and should be read as part of this report. The Company's strategy is focused on maximising returns from its investments.

Risks and risk management
Identifying, evaluating and managing the principal risks and uncertainties facing the Company and its subsidiaries is an integral part of the way we do business. We have policies and procedures in place throughout our operations that enable us to do so, embedded within our management structure and as part of our normal operating processes. Market and economic conditions are recognised as one of the principal risks in the current trading environment. This risk is mitigated by the close monitoring of trading conditions and the performance of our investment portfolio.

The Company is affected by a number of risks and uncertainties, not all of which are wholly within its control as they relate to the wider macroeconomic and legislative environment within which the Company operates. The key financial risks of the Company are detailed in note 16. The key non-financial risks that the Company faces are listed below.

Portfolio of investments and loans receivable
The Company's largest asset is its investment in its direct and indirect subsidiaries, including the portfolio of investments and loans receivable the subsidiaries hold in both quoted and unquoted businesses. The Company is therefore subject to a number of risks in this area, both in terms of engagement with the investee companies and also with the performance of those companies themselves. The key risks the Company faces in this area are:

Ability to realise value of investee companies or loans
Once an interest in a business has been acquired, it is likely that such asset may not be realisable immediately, particularly given the nature of the sectors of interest, the size of the targeted businesses and that targeted businesses may be private companies. In addition, smaller companies frequently lack the financial strength, diversity and resources to overcome or survive periods of economic slowdown. Furthermore, the share prices of such companies, if publicly traded, are often subject to significant fluctuations which could be caused by the trading underperformance of the investee companies themselves or other internal and external factors. Any volatility in the value of one or more of such businesses could have a substantial impact upon the value of the Company. Any such underperformance in an investee company may also affect its ability to repay any loan financing advanced to it by the Company's subsidiaries, again impacting upon the value of the Company.

The Company is also reliant upon the integrity of the financial and non-financial governance within the investee companies. The Company's operating model aims to ensure that sufficient oversight is applied to the investee companies to minimise exposure to such risks.

Competition in the market place of the investee companies
Investee companies may be companies which operate in highly competitive markets characterised by evolving customer needs and rapid technological change. Such businesses may well compete with a number of other companies, some of which may well have significantly greater financial, technical and marketing resources. In addition, those competitors may have the ability to respond more quickly to new or emerging technologies, adapt more quickly to changes in customer requirements, have stronger customer relationships, have greater name recognition, and may devote greater resources to the development, promotion and sale of their products than the investee companies. In the markets in which such companies operate, competition may also be based on a variety of factors including product performance, functionality, value, and breadth of sales and service organisation. Competition could result in price reductions, reduced margins, and loss of market share by businesses. The Board's strategy is to invest in companies with the ability to build resilience by way of growth and which focus on quality of product to ensure market share.

Strategic Report *(continued)*

Risks and risk management *(continued)*

Early stage of development and limited operating history of investee companies

Businesses in which the Company's subsidiaries invest may be companies at an early stage of commercial development. The commencement of such businesses' generation of material revenues is difficult to predict and there is no guarantee that such businesses will generate any material revenues after investment by the Company or any revenues at all. The resources available to such businesses may not be sufficient to fund the businesses until they are reach acceptable levels of profitability. Some of the businesses may be companies which have a limited sales and operating history upon which their performance and prospects can be evaluated and they may well face the risks frequently encountered by developing companies. These risks include the potential inability to retain key personnel, as well as uncertainty as to which areas to target for growth and expansion. In addition, there can be no assurance that the businesses' proposed operations will be profitable or produce a reasonable return, or any return, on investment, or allow for loan commitments owed to the Company's subsidiaries to be repaid. The Company's strategy is, however, formulated by an experienced management team with a strong track record of generating significant gains from early-stage companies within the Technology, Media and Telecommunications sector, approved by the Board of MXC and executed by a seasoned group of executives.

Reliance on key personnel and management

The success of the Company is dependent on the services of key management and personnel. Therefore, the directors believe that the ability to attract and retain highly skilled and qualified personnel is crucial. Most employees hold shares in the Company but there can be no guarantee that such individuals will be retained or new employees identified and employed.

Market and economic conditions

At the date of signing this report, the global economic and political uncertainty, together with rising inflation and interest rates, continues to have a significant impact on the UK economy. As a result, the final impact of these events on the Company's investments, and the ability of the investee companies to repay any financing commitments owed to the Company's subsidiaries, is hard to predict. Therefore, the carrying values of the investments and the loans underpinning those values may differ from their recoverable amounts. The Company itself is not negatively exposed to rising interest rates, conversely, we would expect to benefit from increased levels of interest paid on cash deposits.

By order of the board

Paul Guilbert
Director
12 December 2023

Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 August 2023 for MXC Capital Limited (the "Company") and its subsidiaries (together the "Group"). See notes 1.3 and 1.4 for the basis of preparation of these financial statements.

Corporate status
The Company is domiciled in Guernsey and was incorporated and registered in Guernsey on 19 August 2014 with company number 58895. Its registered office is 1st & 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW.

Principal activity
The principal activity of the Group during the year was that of an investor in technology companies. The Company is a permanent capital vehicle that is responsible for the execution and supervision of the Group's strategy of maximising returns from investments.

Results and dividends
The trading results for the year and the Company's financial position at the end of the year are shown in the financial statements set out on the following pages. The review of the year and the directors' strategy and objectives for the future are set out in the Strategic Report.

The directors do not recommend the payment of a dividend for the year ended 31 August 2023 (2022: £nil).

Principal risks and uncertainties
The principal risks and uncertainties are detailed within the Strategic Report, on pages 6 to 7.

Details of the Company's financial risk management objectives and policies are set out in note 16 of these financial statements.

Directors
Ian Smith (Chief Executive Officer)
Paul Guilbert (Non-executive director)

The Company has agreed to indemnify its directors against any third-party claims which may be brought against them and has put in place a directors' and officers' insurance policy.

Directors' remuneration
Remuneration in respect of the directors was as follows:

	Basic salary and fees	**Bonus**	**Benefits**	**2023 total**	2022 total
	£000	**£000**	**£000**	**£000**	£000
Ian Smith	**165**	**-**	**-**	**165**	165
Paul Guilbert	**35**	**-**	**-**	**35**	35

Directors' Report *(continued)*

Directors' interests
As at 31 August 2023 the directors and their beneficial interests and those of their families in the share capital of the Company were as follows:

Number of Ordinary shares of nil par value:		
	2023	2022
Ian Smith	**6,508,637**	7,285,959
Paul Guilbert	**29,177**	29,177

Going concern
Cash balances for the Company and its wholly-owned subsidiaries (the "MXC Group") are managed on a consolidated basis and are primarily held within the Company's wholly-owned subsidiary, MXC Guernsey Limited ("MXCG"). At 31 August 2023, the consolidated cash balance of the MXC Group was £0.9 million. The Company meets its day-to-day working capital requirements through support from MXCG. The directors have reviewed the Company's and MXCG's financial projections and have considered reasonably possible changes in trading performance and the timing of key strategic events. The directors have a reasonable expectation that the Company has adequate resources available to it, in the form of funding provided by MXCG, to continue in operational existence for a minimum of 12 months from the approval of these financial statements. The directors are therefore satisfied that it is appropriate to prepare the Company's financial statements on a going concern basis.

Related party transactions
Details of the Company's transactions and year end balances with related parties are set out in note 20 of the financial statements.

Subsequent events
See note 21 for details of events after the end of the reporting period.

Disclosure of information to the auditor
The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor. The annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

Auditor
Grant Thornton Limited have been appointed as auditor and have indicated their willingness to continue in office.

By order of the board

Paul Guilbert
Director
On behalf of the Board
12 December 2023

Registered Office:
1st & 2nd Floor, Elizabeth House
Les Ruettes Brayes
St Peter Port
Guernsey
GY1 1EW

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for the Company for each financial year. The directors have prepared financial statements for the Company in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and The Companies (Guernsey) Law, 2008 (as amended) for each financial period and give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for that period.

In preparing each of the financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 (as amended). They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Shareholders of MXC Capital Limited

Opinion

We have audited the financial statements of MXC Capital Limited (the 'Company') which comprise the Consolidated Statement of Profit or Loss, the Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements:

- give a true and fair view of the Company's affairs as at 31 August 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended;
- are in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- comply with the Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include 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, 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.

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with IFRSs as issued by IASB, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Shareholders of MXC Capital Limited *(continued)*

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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report
This report is made solely to the Company's shareholders, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Independent Auditor's Report to the Shareholders of MXC Capital Limited
(continued)

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 (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the Company's financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Grant Thornton Limited
Chartered Accountants
St Peter Port, Guernsey
13 December 2023

Consolidated Statement of Profit or Loss
for the year ended 31 August 2023

	Notes	**2023 £000**	2022 £000
Fee income		**116**	779
Interest income	6	**109**	1,945
Revenue		**225**	2,724
Dividends received		**3,250**	-
Movement in fair value of financial assets held at FVTPL	9	**(10,708)**	(10)
Gain on transition to IFRS 10 investment entity	3	**42**	-
Operating expenses		**(468)**	(884)
Operating (loss)/profit	4	**(7,659)**	1,830
Finance costs	6	**(1)**	(14)
(Loss)/profit on ordinary activities before taxation		**(7,660)**	1,816
Tax on (loss)/profit on ordinary activities	7	**(6)**	(57)
(Loss)/profit and total comprehensive (deficit)/income for the year		**(7,666)**	1,759

On 3 November 2022, the Company became an IFRS 10 investment entity (see note 1.3). This consolidated statement of profit or loss for the year ended 31 August 2023 comprises the consolidated results of the Company and its subsidiaries (“the Group”) from 1 September 2022 to 3 November 2022, together with the results of the Company as a stand-alone entity thereafter. The figures for the year ended 31 August 2022 represent the consolidated results of the Group.

The notes on pages 18 to 42 form an integral part of these financial statements.

Statement of Financial Position

as at 31 August 2023

	Notes	31 August 2023 £000	Consolidated 31 August 2022 £000
Non-current assets			
Property, plant and equipment	8	**-**	29
Financial assets at fair value through profit or loss	9	**24,728**	16,439
Loans and other receivables	11	**-**	5,418
		24,728	21,886
Current assets			
Trade and other receivables	12	**90**	648
Loans and other receivables	11	**-**	15,572
Cash and cash equivalents	13	**59**	3,749
		149	19,969
Total assets		**24,877**	41,855
Current liabilities			
Trade and other payables	14	**(797)**	(240)
Income tax payable		**-**	(49)
Lease liabilities	15	**-**	(23)
Current and total liabilities		**(797)**	(312)
Net assets		**24,080**	41,543
Equity			
Share premium	17	**42,084**	45,356
Share-based payments reserve		**95**	429
Merger reserve		**-**	(23,712)
Retained earnings		**(18,099)**	12,945
Equity attributable to the owners of the parent		**24,080**	35,018
Non-controlling interests		**-**	6,525
Total equity		**24,080**	41,543

The balances in this statement of financial position as at 31 August 2023 are those of the Company as a stand-alone entity, following it becoming an IFRS 10 investment entity (see note 1.3). The balances as at 31 August 2022 are the consolidated balances of the Company and its subsidiaries.

The notes on pages 18 to 42 form an integral part of these financial statements.

These financial statements on pages 14 to 42 were approved by the Board on 12 December 2023 and signed on its behalf by:

Ian Smith
Director

P Guilbert
Director

Consolidated Statement of Changes in Equity
for the year ended 31 August 2023

	Share premium £000	Share-based payments reserve £000	Merger reserve £000	Retained earnings £000	Total attributable to owners of the parent £000	Non-controlling interests £000	Total £000
Balance at 1 September 2021	**45,356**	**429**	**(23,712)**	**11,186**	**33,259**	**6,525**	**39,784**
Profit and total comprehensive income for the year	-	-	-	1,759	1,759	-	1,759
Balance at 31 August 2022	**45,356**	**429**	**(23,712)**	**12,945**	**35,018**	**6,525**	**41,543**
Loss and total comprehensive deficit for the year	-	-	-	(7,666)	(7,666)	-	(7,666)
Transactions with owners							
Tender offer costs	(3,272)	-	-	-	(3,272)	-	(3,272)
Transfer on exercise/lapse of share options	-	(334)	-	334	-	-	-
Transfer on transition to IFRS 10 investment entity	-	-	23,712	(23,712)	-	-	-
Derecognition of NCI on transition to IFRS 10 investment entity	-	-	-	-	-	(6,525)	(6,525)
	(3,272)	(334)	23,712	(23,378)	(3,272)	(6,525)	(9,797)
Balance at 31 August 2023	**42,084**	**95**	**-**	**(18,099)**	**24,080**	**-**	**24,080**

The notes on pages 18 to 42 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 August 2023

	Notes	**2023** **£000**	2022 £000
Cash flows from operating activities			
Cash generated from/(used in) operations	19	**3,426**	(50)
Corporation tax paid		**-**	(2)
Net cash flows generated from/(used in) operating activities		**3,426**	(52)
Cash flows from investing activities			
Payments to acquire property, plant and equipment		**-**	(4)
Proceeds from disposal of investments		**825**	2,044
Loans advanced		**(1,485)**	(1,000)
Loan repayments received		**660**	100
Interest received		**1**	40
Net cash flows generated from investing activities		**1**	1,180
Cash flows from financing activities			
Tender offer costs		**(3,272)**	-
Interest paid		**(1)**	(16)
Lease liabilities repaid		**(11)**	(83)
Other liabilities repaid		**-**	(220)
Net cash flows used in financing activities		**(3,284)**	(319)
Net increase in cash and cash equivalents in year		**143**	809
Cash retained in subsidiaries on transition to IFRS 10 investment entity	3	**(3,833)**	-
Cash and cash equivalents at beginning of year		**3,749**	2,940
Cash and cash equivalents at end of year		**59**	3,749

On 3 November 2022 the Company became an IFRS 10 investment entity. This consolidated statement of cash flows for the year ended 31 August 2023 comprises the consolidated cash flows of the Company and its subsidiaries (“the Group”) from 1 September 2022 to 3 November 2022, together with the cash flows of the Company as a stand-alone entity thereafter. The figures for the year ended 31 August 2022 are the consolidated cash flows of the Group.

The notes on pages 18 to 42 form an integral part of these financial statements.

Notes to the Financial Statements

1 General information

MXC Capital Limited (the "Company") is a company incorporated and domiciled in Guernsey. The registered office is 1st & 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW and the principal place of business is Guernsey. The principal activity of the Group during the year was that of investor in technology companies. The Company is a permanent capital vehicle that is responsible for the execution and supervision of the Group's strategy.

1.1 Basis of preparation
These financial statements have been prepared using the measurement bases specified by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for each type of asset, liability or expense. The detailed measurement bases and principal accounting policies of the Company and, where applicable, its subsidiaries (the "Group") are set out below. The accounting policies have been applied consistently throughout the Company and the Group for the purposes of the preparation of these financial statements. The presentational currency of the Group and functional currency of the Company is Sterling (£). The financial statements have been rounded to the nearest thousand.

As detailed in notes 1.3 and 1.4, these financial statements reflect the Group results and balances for all periods to 3 November 2022 and those of the stand-alone Company thereafter.

1.2 Subsidiaries
Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. See note 10 for details of the Company's subsidiaries.

1.3 Investment entity status and consolidation –3 November 2022 onwards
Under IFRS 10, an investment entity is an entity that:

- Obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

As required by IFRS 10, a parent entity should reassess whether it has become, or has ceased to be, an investment entity if relevant facts and circumstances change. Following the conversion of the loan notes held in Tialis Essential IT plc (formerly IDE Group Holdings plc) to equity on 3 November 2022 (see note 11), the Board reassessed whether the Company now met the IFRS 10 definition of an investment entity and concluded that it did, effective from 3 November 2022 (the "Transition Date"). Further details regarding the judgements applied in making this assessment are given in note 2.16(i).

IFRS 10 requires that a company which becomes an investment entity ceases to consolidate its subsidiaries and, instead, reflects its investment in subsidiaries at fair value through profit or loss. The Company has one direct subsidiary, MXC Guernsey Limited ("MXCG"), and several indirect subsidiaries, being entities controlled by MXCG (see note 10). Certain of the indirect subsidiaries are non-investment entity service subsidiaries ("Service Subsidiaries"). Under IFRS 10, an investment entity is required to continue to consolidate direct Service Subsidiaries but does not consolidate indirect ones, as is the case here. Also, under the provisions of IFRS 10, a company's indirect subsidiaries are not separately measured at fair value through profit or loss. Instead, they form part of the direct subsidiary's fair value. A change in investment entity status is accounted for prospectively, from the date at which the change in status occurs.

Notes to the Financial Statements

1 General information *(continued)*

1.3 Investment entity status and consolidation –3 November 2022 onwards (*continued*)
Accordingly, on the Transition Date, the Company applied the loss of control requirements of IFRS 10 to its previously consolidated subsidiaries and subsequently accounted for its investment in MXCG at fair value, with the resultant gain taken to the consolidated statement of profit or loss. See note 3 for further details.

The consolidated statement of profit or loss for the year ended 31 August 2023 comprises the consolidated statement of profit or loss of the Group from 1 September 2022 to the Transition Date plus the statement of profit or loss of the Company as stand-alone entity from the Transition Date to 31 August 2023. The balances in the statement of financial position as at 31 August 2023 relate to the Company as stand-alone entity only.

1.4 Basis of consolidation – prior to 3 November 2022
Subsidiaries were fully consolidated from the date on which control was transferred to the Group, until the effective date of disposal or the Transition Date, as applicable.

Prior to the Transition Date, consolidated financial statements were prepared which consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 August each year. All subsidiaries included in the financial statements have a reporting date of 31 August.

The Group applied the acquisition method in accounting for business combinations, with the exception of a business combination in 2015 which was regarded to be outside the scope of IFRS 3 and, as such, management used judgement in determining the appropriate accounting treatment. Under the circumstances, merger accounting was deemed suitable.

Under the acquisition method, the cost of acquisition is measured as the aggregate of the consideration transferred by the Group to obtain control of a subsidiary, which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group. Acquisition costs are expensed as incurred. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

The Group attributed total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests where it was considered material to do so.

All intra-group transactions, balances, income and expenses were eliminated on consolidation.

1.5 Going concern
Cash balances for the Company and its wholly-owned subsidiaries (the “MXC Group”) are managed on a consolidated basis and are primarily held within the Company’s wholly-owned subsidiary, MXC Guernsey Limited (“MXCG”). At 31 August 2023, the consolidated cash balance of the MXC Group was £0.9 million. The Company meets its day-to-day working capital requirements through support from MXCG. The directors have reviewed the Company’s and MXCG’s financial projections and have considered reasonably possible changes in trading performance and the timing of key strategic events. The directors have a reasonable expectation that the Company has adequate resources available to it, in the form of funding provided by MXCG, to continue in operational existence for a minimum of 12 months from the approval of these financial statements. The directors are therefore satisfied that it is appropriate to prepare the Company’s financial statements on a going concern basis.

Notes to the Financial Statements

2 Accounting policies

2.1 Revenue
Revenue relates to the Group and comprises fee income and interest income. The Board considers the interest income to be part of the trading activities of the Group and therefore it has been presented as a component of revenue. The Company has no revenue.

2.2 Fee income
Fee income comprises the fair value of the consideration received or receivable for services provided in the ordinary course of the Group's activities. Revenue is shown net of Value Added Tax where applicable and after eliminating sales within the Group.

Revenue arises mainly from the services rendered by the Group to its customers.

To determine whether to recognise revenue, the Group follows a 5-step process:
1 Identifying the contract with a customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations
5 Recognising revenue when/as performance obligation(s) are satisfied.

In each identified contract with a customer there are two distinct performance obligations: (a) the Group's stand-ready obligation to render advisory activities as and when required which is referred to as the "Retainer fees"; (b) the Group's obligation to render advice for specific corporate finance transactions which is referred to as the "Transaction revenue". These fees are the Group's primary source of fee income. These are considered to be distinct performance obligations as the customer can benefit from each service on its own and the Group's promise to transfer each service to the customer is separately identifiable from other promises in the contract.

The recognition of the revenue is described below for each distinct performance obligation:

(i) Retainer fees
The Group has a stand-ready obligation to provide advisory services to customers as and when required. This performance obligation is in place for the life of the contract with the customer and satisfaction of this obligation is considered to be met on an ongoing basis as the scope of this arrangement is generally not considered reconcilable to input or output criteria to measure progress towards complete satisfaction of this obligation. For this reason, revenue is recognised straight-line over the performance of the contract via a fixed monthly retainer fee agreed as part of the contract. This fixed fee is specifically set out in the contract as the transaction fee allocated to this performance obligation. As the amount of work required to perform under these contracts does not vary significantly from month-to-month, the monthly billing provides a faithful depiction of the transfer of services. This is considered to align revenue recognition with the satisfaction of the stand-ready performance obligation. Accrued revenue is recognised when the revenue recognition criteria were met but in accordance with the underlying contract, the sales invoice has not been issued yet.

(ii) Transaction revenue
This income stream comprises fees in relation to the Group's transactional services, such as corporate finance deal fees. For each corporate transaction entered into by a customer, the Group has an obligation to provide advisory services including executing acquisitions and disposals. This obligation is satisfied at the point when the transaction has completed, being when the customer has received the full benefit of the advisory services rendered. The transaction price allocated is the variable fee specifically presented in the contract for advisory services. This price is variable as it is determined based on an agreed percentage of the enterprise value of any corporate transactions or capital raisings concluded. There is no accrual of the revenue and it is only recognised on the completion of the relevant transaction. As the transaction price is based on a fixed percentage of a known enterprise value, there are no significant judgements applied by management in recognising transaction revenue.

Notes to the Financial Statements

2 Accounting policies *(continued)*

2.3 Interest income

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount
The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss ("ECL") allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any ECL allowance.

The interest income calculated under the effective interest method is shown separately in the consolidated statement of profit or loss. The Board considers this interest income to be part of the trading activities of the Group and therefore the interest income calculated under the effective interest method has been presented as a component of revenue.

2.4 Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. Any variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Notes to the Financial Statements

2 Accounting policies *(continued)*

2.5 Taxation
The Company is taxed at the standard rate in Guernsey of 0%. The Group's subsidiaries' current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date in the jurisdictions certain of the Group's subsidiaries operate in.

2.6 Investments
Investments of the Company comprise equity securities held in its direct subsidiary undertaking. Investments of the Group include equity securities, loans and loan notes. Equity securities classed as investments are designated as fair value through profit and loss ("FVTPL") on initial recognition, as is allowed by the relevant standard for a group of financial assets, financial liabilities or both that is managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel.

The direct and certain indirect subsidiaries of the Company hold investments in investees which are classed as associates and joint ventures as the subsidiary companies are deemed to hold significant influence over these investees. In the opinion of the directors, these subsidiary companies operate akin to venture capital companies and therefore, during the period of consolidation, the Group took advantage of the exemptions from applying the equity method to account for associates and joint ventures available under IAS 28 and has designated such investments as FVTPL on initial recognition.

Loans and loan notes are classified as loans and receivables at amortised cost.

2.7 Property, plant and equipment
Property, plant and equipment are stated at cost less depreciation and any provision for impairment. Depreciation is provided to write down the cost to the residual value over the assets' estimated useful economic lives as follows:

Office equipment, furniture and fittings	3 - 5 years, straight line basis
Right-of-use asset	over the remaining term of the lease

The residual values and economic lives of assets are reviewed by the directors on at least an annual basis and are amended as appropriate.

2.8 Impairment testing of property, plant and equipment
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell, and value in use based on an internal discounted cash flow valuation. Any impairment loss is charged pro rata to the assets in the cash-generating unit.

2.9 Cash and cash equivalents
Cash and cash equivalents comprise immediately accessible cash at bank.

Notes to the Financial Statements

2 Accounting policies *(continued)*

2.10 Financial assets
In accordance with IFRS 9, financial assets are classified as either those to be measured at fair value (either through profit or loss, or other comprehensive income), or at amortised cost. At the reporting date the financial assets are classified as detailed below.

(i) Trade and other receivables
Trade and other receivables are recognised initially at fair value less any transaction costs and subsequently amortised cost less any expected credit loss provision. Any transaction costs are taken to profit or loss.

(ii) Loans and other receivables
Loans and other receivables comprise loans and loan notes which are initially recognised at fair value and stated at amortised cost at each reporting period end less any expected credit loss provision. Interest calculated using the effective interest method is recognised in consolidated statement of profit or loss within revenue. Impairment of loans and other receivables is assessed using a forward-looking ECL, as detailed in note 11.

(iii) Financial assets at fair value through profit or loss
Equity investments are designated as at fair value through profit or loss on initial recognition. Any transaction costs are taken to profit or loss. Gains or losses arising from revaluation of the investments at each reporting period are recognised directly in the consolidated statement of profit or loss.

2.11 Financial liabilities
Financial liabilities are obligations to pay cash or other financial assets and are recognised when the entity becomes a party to the contractual provisions of the financial instrument. Financial liabilities include trade and other payables. These are measured initially at fair value and subsequently at amortised cost using the effective interest rate method.

2.12 Derecognition of financial assets and liabilities
Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial assets and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

2.13 Share-based payments
Share options and Long-Term Incentive Plan ("LTIP")
Equity-settled share options and awards have been issued under LTIPs to certain current and former employees. The fair value of these options and awards is determined at the date of grant and is expensed on a straight-line basis over the vesting period based on the Company's estimate of shares or options that will eventually vest. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made where a change occurs to the expectation of a market based vesting condition. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

The fair value of the options and awards is measured by the Black-Scholes pricing method. All equity-settled share-based payments are ultimately recognised as an expense in the consolidated statement of profit or loss with a corresponding credit to equity.

Upon exercise of share options, the proceeds received, net of attributable transaction costs, are credited to share capital and, where appropriate, share premium. Where share options are modified the fair value of those options is reassessed and any revised value is expensed over the vesting period of the modified option. See note 18 for further details.

Notes to the Financial Statements

2 Accounting policies *(continued)*

2.14 Equity
Equity comprises the following:

- Share premium, representing the fair value of consideration received for shares, net of expenses of the share issue;
- Shares held by Employee Benefit Trust, representing the cost price of investments in the Company's own shares;
- Share-based payments reserve, representing the cost of equity-settled share-based payments until such share options and awards are exercised or lapse;
- Merger reserve, representing the excess of the Company's cost of investment over the nominal value of MXC Capital (UK) Limited's shares acquired using the principles of predecessor value method accounting;
- Retained earnings, representing the aggregate of all current and prior period retained profits and losses.

2.15 Application of new IFRSs and interpretations

(i) New and amended standards and interpretations applied in these Financial Statements

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 September 2022 that had a significant effect on the financial statements. Furthermore, none of the amendments to standards that are effective from that date had a significant effect on these financial statements.

(ii) New and amended standards and interpretations not applied in these Financial Statements (issued but not yet effective)

Other accounting standards and interpretations have been published and will be mandatory for the Company's accounting period beginning on or after 1 September 2023 or later periods. The impact of these standards is not expected to be material to the reported results and financial position.

2.16 Critical accounting estimates and judgements
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgements and their underlying assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenue and expenses during the periods presented. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known. The following paragraphs detail the critical accounting estimates and judgements the Board believes to have the most significant impact on the annual results under IFRS.

Notes to the Financial Statements

2 Accounting policies *(continued)*

2.16 Critical accounting estimates and judgements (*continued*)

(i) Status as an investment entity in accordance with IFRS 10

Alongside assessing the three defining characteristics of an IFRS 10 investment entity detailed in note 1.3, in determining the Company's status the directors also considered the following typical characteristics of an investment entity as detailed in IFRS 10, as at 3 November 2022:

- It has more than one investment
- It has more than one investor;
- It has investors that are not related parties of the entity; and
- It has ownership interests in the form of equity or similar interests.

The Company has numerous non-related party investors who have equity ownership of the Company, in the form of issued share capital. The Company (via its investment entity subsidiaries) has deployed funds raised from investors into several investments, which are held with the objective of generating capital returns which will, in turn, be distributed to its investors. The Company evaluates investments' performance on a fair value basis, in accordance with the policies set out in these financial statements.

Although the Company met all three defining criteria and the typical characteristics, the directors have also assessed in detail the business purpose of the Company, the investment strategies for its investments and those of its investment-holding subsidiaries, the nature of any earnings from the investments, and the fair value models. The directors made this assessment in order to determine whether any additional areas of judgement exist with respect to the typical characteristics of an investment entity versus those of the Company. The directors concluded that the Company meets the IFRS 10 definition of an investment entity; their conclusion is a significant judgement in the preparation of these financial statements.

(ii) Accounting for associates and joint ventures

Certain subsidiaries of the Company hold investments in investees which are classed as associates and joint ventures as the subsidiary companies are deemed to hold significant influence over these investees. In the opinion of the directors, these subsidiary companies operate akin to venture capital companies and therefore, in the period to 3 November 2022, the Group has taken advantage of the exemptions from applying the equity method to account for associates and joint ventures available under IAS 28 and has designated such investments as fair value through profit or loss on initial recognition. In the opinion of the Board this gives a true and fair view of the Group's operations and financial position to shareholders.

(iii) Fair value measurement of investments

Investments are held which are measured at fair value through profit or loss. The fair value of these investments is estimated at the reporting period end, under methods detailed in note 9. Estimated fair values may vary from actual prices that would be achieved in an arm's length transaction at the reporting date.

(iv) Recoverability of loans and other receivables

As detailed in note 11, the Group has outstanding loans, loan notes and other receivables ("Loans") which are held within subsidiary companies. These Loans form part of the fair value of the Company's investment in its direct subsidiary as at 31 August 2023. The directors do not believe there are any signs of impairment in respect of the Loans, which totalled £7.1 million at the reporting period end. Given the quantum of the Loans and the timescales until redemption, the recoverability of the Loans, and therefore their valuation within the fair value of the Company's subsidiary, is a significant estimate.

Notes to the Financial Statements

2 Accounting policies *(continued)*

2.16 Critical accounting estimates and judgements (*continued*)

(v) Recognition of retainer fees

The revenue from the provision of advisory services is recognised over time by the billing of the annual fee on a monthly basis. The timing of the satisfaction of performance obligations and in assessing that this method faithfully depicts the transfer of services requires the application of judgement by management.

(vi) Control assessment

See note 10 for details of the Company's subsidiary undertakings.

3 Derecognition of assets and liabilities on change to investment entity status

As detailed in note 1.3, on 3 November 2022, the Board determined that the Company met the definition of an IFRS 10 investment entity. In accordance with IFRS 10, from this date the Company ceased to consolidate its subsidiaries and the assets and liabilities of the subsidiaries were derecognised. The assets and liabilities derecognised, the fair value of the Company's investment in its direct subsidiary and the gain on transition, were:

	£000
Carrying value of assets and liabilities derecognised	
Property, plant and equipment	**16**
Assets held at fair value through profit or loss	**26,991**
Loans and other receivables	**7,221**
Trade and other receivables	**857**
Cash and cash equivalents	**3,833**
Trade and other payables	**(252)**
Income taxes payable	**(56)**
Lease liabilities	**(11)**
Carrying value of net assets derecognised	**38,599**
Less: derecognition of non-controlling interests	**(6,525)**
	32,074
Fair value of investment in subsidiary recognised at 3 November 2022	**32,116**
Gain on transition to IFRS 10 investment entity	**42**

The gain on transition to IFRS 10 investment entity status is included in the consolidated statement of profit or loss.

Notes to the Financial Statements

4 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting) to operating expenses:

	2023 £000	2022 £000
Impairment provision on loans receivable	**-**	(185)
Depreciation of owned assets	**2**	11
Depreciation of assets held under finance leases	**11**	65
Net payroll costs (note 5)	**44**	738
Subsidiary staff costs included in operating expenses pre-transition to IFRS 10 investment entity	**117**	-
Recharges of operating expenses from group companies post-transition to IFRS 10 investment entity	**165**	-
Auditor's remuneration		
Audit of financial statements	**30**	28
Audit of the Company's subsidiaries	**-**	15
Non-audit services		
Taxation services	**2**	17

2023 comprises 2 months' consolidated figures and 10 months' Company only. 2022 comprises 12 months' consolidated figures.

5 Particulars of staff

The average number of persons employed by the Company (2022: Group), including the executive director, during the year was:

	Company 2023 No	Consolidated 2022 No
Fee earners and administration	**1**	5

The aggregate payroll costs of these persons were:

	Company 2023 £000	Consolidated 2022 £000
Wages and salaries	**165**	656
Social security costs	**11**	70
Pension costs-defined contribution plan	**-**	12
Total payroll costs	**176**	738
Recharged to group company	**(132)**	-
Net payroll costs	**44**	738

Notes to the Financial Statements

5 Particulars of staff (*continued*)

Directors' remuneration
Remuneration of directors, who were the key management personnel during the year, was as follows:

	2023	2022
	£000	£000
Aggregate emoluments including short-term benefits and fees	**200**	200

The remuneration of the highest paid director during the year was:

	2023	2022
	£000	£000
Aggregate emoluments including short-term employee benefits	**165**	165

The remuneration of individual directors, who are the key management personnel, is disclosed in the Directors' Report on page 8. No retirement benefits in respect of defined contribution schemes are accruing to any directors.

6 Finance income and costs

	2023	2022
	£000	£000
Finance income		
Interest on loans receivable	**103**	1,940
Interest on cash and cash equivalents	**6**	5
	109	1,945

	2023	2022
	£000	£000
Finance cost		
Interest expense on lease liabilities	**1**	5
Interest expense on other financial liabilities	**-**	9
	1	14

2023 comprises 2 months' consolidated figures and 10 months' Company only. 2022 comprises 12 months' consolidated figures.

Notes to the Financial Statements

7 Taxation

(a) Tax on (loss)/profit on ordinary activities

	2023 £000	2022 £000
Current tax		
Current year charge – UK corporation tax	**6**	49
Current year charge – UK withholding tax	**-**	9
Adjustment in respect of prior periods	**-**	(1)
Total tax charge	**6**	57

The Company is liable for taxation in Guernsey at the standard rate of 0%.

(b) Reconciliation of the total income tax charge

	2023 £000	2022 £000
(Loss)/profit on ordinary activities before taxation	**(7,660)**	1,816
Expected tax expense at 0%	**-**	-
UK corporation tax rate of 19.0% payable on UK profits	**6**	49
Prior year adjustment to UK current income tax	**-**	(1)
Withholding tax on interest received at 20%	**-**	9
Total tax charge	**6**	57

2023 comprises 2 months' consolidated figures and 10 months' Company only. 2022 comprises 12 months' consolidated figures.

Notes to the Financial Statements

8 Property, plant and equipment

	Office equipment, furniture and fittings £000	Right-of-use asset £000	Total £000
Cost			
At 1 September 2021	128	216	344
Additions	4	-	4
Disposals	(1)	-	(1)
At 31 August 2022	131	216	347
Additions	-	-	-
Disposals	-	-	-
Derecognised on transition to IFRS 10 investment entity	(102)	(216)	(318)
At 31 August 2023	**29**	**-**	**29**
Depreciation			
At 1 September 2021	113	130	243
Charge for the year	11	65	76
On disposal	(1)	-	(1)
At 31 August 2022	123	195	318
Charge for the year	2	11	13
Derecognised on transition to IFRS 10 investment entity	(96)	(206)	(302)
At 31 August 2023	**29**	**-**	**29**
Net carrying amount			
At 31 August 2023	**-**	**-**	**-**
At 31 August 2022	8	21	29

The assets classified within right-of-use asset were held under lease liabilities.

Notes to the Financial Statements

9 Financial assets at fair value through profit or loss

	Quoted company investments £000	Unquoted company investments £000	Total £000
At 1 September 2021	2,339	16,369	18,708
Additions	-	-	-
Disposals	-	(2,259)	(2,259)
Movement in fair value	226	(236)	(10)
At 31 August 2022	2,565	13,874	16,439
Additions[1]	14,697	-	14,697
Disposals	-	(825)	(825)
Derecognised on transition to IFRS 10 investment entity	(13,942)	(13,049)	(26,991)
Fair value of subsidiary recognised on transition to IFRS 10 investment entity	-	32,116	32,116
Movement in fair value	(3,320)	(7,388)	(10,708)
At 31 August 2023	**-**	**24,728**	**24,728**

[1]Additions relate to the conversion of loan notes in Tialis Essential IT plc (formerly IDE Group plc) (see note 11).

Investments at 31 August 2023 relate to the Company's holding of 100% of the issued share capital of its subsidiary, MXC Guernsey Limited ("MXCG"), an unquoted company. Investments at 31 August 2022 relate to the Group's holding of equity securities held in both AIM quoted and unquoted companies. Investments are accounted for at fair value through profit or loss and presented as financial assets at fair value through profit or loss in the consolidated statement of financial position.

Fair value measurement
Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: not traded in an active market but the fair values are based on quoted market prices or alternative pricing sources with reasonable levels of price transparency; or
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The equity securities are measured at fair value. The quoted equity securities are categorised as level 1 fair values, the equity securities in unquoted companies as level 3.

As detailed in note 1.3, the Company holds a single investment, being 100% of the issued share capital of MXCG. MXCG itself holds equity investments and debt instruments in both quoted and unquoted companies. The fair value of the Company's investment in MXCG is based on MXCG's total net assets at the reporting date, as that company accounts for the majority of its assets and liabilities at fair value. At 31 August 2023, MXCG's net assets totalled £24.7 million. The financial data of MXCG is not observable on the market and its valuation is a significant judgement in the preparation of these financial statements. If a sensitivity of +/- 10% was applied to the to the level 3 investments, their fair value would increase/decrease by £1.6 million.

Notes to the Financial Statements

9 Financial assets at fair value through profit or loss *(continued)*

Fair value measurement *(continued)*
As at 31 August 2022, the fair value of the Group's unquoted equity securities was based on a market approach, using either the latest fund-raising valuation if applicable, or the application of market-average multiples (EV/EBITDA) to the companies' own data. The financial data of the valued companies themselves is not observable on the market, and whilst the market-average multiples are based on observable market data, the selection of data used is a significant judgement. The unquoted investees all operate within the technology sector and the key observable inputs as at 31 August 2022 were:

Valuation technique	Observable input	Multiple
Market comparable companies	EBITDA multiple	10.75

During 2023 and 2022 there were no transfers between fair value categories. Categorisation of the fair values at 31 August 2023 was:

	Level 1 £000	Level 2 £000	Level 3 £000
Unquoted equity securities	**-**	**-**	**24,728**

Categorisation of the fair values at 31 August 2022 was:

	Level 1 £000	Level 2 £000	Level 3 £000
Quoted equity securities	2,565	-	-
Unquoted equity securities	-	-	13,874
	2,565	**-**	**13,874**

Notes to the Financial Statements

10 Subsidiaries

At 31 August 2023 the Company had the following subsidiary undertakings. At 31 August 2022 the Company had the same subsidiary undertakings, with the exception of Tialis Essential IT plc.

Investment	**Principal activity**	**Country of incorporation**	**% ordinary share capital/ members' interests owned**
MXC Guernsey Limited	Investment and intermediate holding company	Guernsey	100%
MXC Capital (UK) Limited*	Investment and intermediate holding company	England & Wales	100%
MXC Capital Markets LLP*	Corporate Finance	England & Wales	100%
MXC Advisory Limited*	Advisory services	England & Wales	100%
MXC Holdings Limited*	Investment company	England & Wales	100%
MXC JV Limited*	Investment company	Guernsey	50%
Tialis Essential IT plc*	Managed services provider	Scotland	75.2%
Lammtara Industries EBT Trustees Limited*	Dormant	England & Wales	100%
2ergo Inc*	Dormant	United States	100%
Georgia Holding Company Inc*	Dormant	United States	100%
M-Invent Inc*	Dormant	United States	100%

* held indirectly

There are no restrictions on the ability of the unconsolidated subsidiaries to transfer funds to the Company for cash dividends or to repay loans. In addition, other than the outstanding payment due to the Company for the recharge of expenses to its subsidiaries (see note 20), the Company has not provided, and has no commitments or intention to provide, financial support to any subsidiary.

Significant judgement and assumptions

Whist the Company indirectly holds 50% of MXC JV Limited's ordinary share capital, it indirectly holds 100% of that Company's voting rights. In addition, the Company has appointed MXC JV Limited's director. Management therefore considers the Company to have control of MXC JV Limited. As with its other subsidiaries noted above, as the Company is an investment entity under IFRS 10, it does not consolidate its subsidiary undertakings and instead accounts for them at fair value through profit or loss (see note 1.3).

Notes to the Financial Statements

11 Loans and other receivables

Non-current	2023	Consolidated 2022
	£000	£000
Loan notes	-	4,846
Loans to associates	-	16
Other loans	-	173
Deferred consideration	-	463
	-	5,498
Less: provision for impairment	-	(80)
	-	5,418

Current	2023	Consolidated 2022
	£000	£000
Loan notes	-	14,697
Loans to associates	-	660
Deferred consideration	-	215
	-	15,572

During FY19 and FY20, the Group subscribed for £9.2 million of secured loan notes with a six-year term and an effective interest rate of 12% in IDE Group plc, now renamed Tialis Essential IT plc (“Secured LNs”, “Tialis”). In FY22 the Group subscribed for a further £1.0 million of Secured LNs. In October 2023, the Group agreed with Tialis that it would redeem all of the Secured LNs, together with associated interest and fees, for a total of £14.7 million (the “Redemption Sum”), such amount to be settled by the issue of new Tialis shares to the Group. The value of the Secured LNs included in the consolidated statement of financial position at 31 August 2022 is equal to the Redemption Sum. On 3 November 2022, the Redemption Sum was applied to the payment up of 16,476,574 new ordinary shares in Tialis at an agreed notional price of £0.892 per new ordinary share (based on the Tialis share price between 28 September and 5 October 2022) and the new shares were issued to the Group (see note 9).

During FY20, the Group subscribed for £3.5 million of loan notes with a five-year term and an effective interest rate of 12% in Cloudcoco Group plc (“LNs”). The principal and related accrued interest is included in non-current Loan notes. The interest on the LNs compounds annually and is payable at the end of the term, in October 2024.

Loans to associates in FY22 comprises a loan of £0.66 million plus interest. On 23 September 2022 the Group entered into an agreement to provide a loan facility of £1.485 million to the parent of the associate (the “Parent”). This amount was drawn down on the same day and is secured on the assets of the Parent and its group, repayable on or before 30 June 2025. On 26 September 2022 the associate repaid the loan of £0.66 million in full. Also on 26 September 2022, the Parent bought back shares in itself held by the Group for proceeds of £0.825 million.

The non-current deferred consideration arose in respect of a sale of certain assets during FY20 to a company of which Ian Smith is a director and majority shareholder. The deferred consideration carries an interest rate of 1% and is repayable on or before 31 January 2025.

Notes to the Financial Statements

11 Loans and other receivables *(continued)*

The subscribed amount plus the interest and fees directly attributable to the loans and other receivables is the basis of their carrying value. The determined carrying value of the Facilities is not materially different from their fair values.

The loans and other receivables as at 3 November 2022 were derecognised from the Group financial statements when the Company became an IFRS 10 investment entity. See note 3 for further details.

12 Trade and other receivables

		Consolidated
	2023	2022
	£000	£000
Trade receivables	**-**	563
Less: provision for impairment of trade receivables	**-**	(8)
Trade receivables - net	**-**	555
Amounts owed from group undertakings (see note 20)	**57**	-
Prepayments and accrued income	**33**	93
	90	648

The ageing of trade receivables at 31 August was:

		Consolidated
	2023	2022
	£000	£000
Not past due	**-**	563

In accordance with IFRS 9, the amount of credit loss associated with trade receivables is reviewed based on forward looking estimates that take into account current and forecast credit conditions as opposed to relying on past historical default rates. The Simplified Approach permitted under IFRS 9 has been applied to measure lifetime expected credit losses and individual customer balances and their current and forecast trading conditions have been assessed in deriving the ECL provision. The ECL provision has been derecognised, together with the associated trade receivables, on the Company's transition to an IFRS 10 investment entity. See note 3.

The other classes of assets 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 disclosed above. The carrying amounts of the trade and other receivables are all denominated in Sterling.

Notes to the Financial Statements

13 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances:

		Consolidated
	2023	2022
	£000	£000
Cash at bank	**59**	2,265
Short-term deposits	**-**	1,484
	59	3,749

14 Trade and other payables

		Consolidated
	2023	2022
	£000	£000
Current		
Trade payables	**1**	32
Amounts owed to group undertakings (see note 20)	**736**	-
Tax and social security	**9**	52
Accruals and deferred income	**51**	156
	797	240

15 Lease liabilities

		Consolidated
	2023	2022
	£000	£000
Current	**-**	23
Non-current	**-**	-

The present value of lease liabilities as at 31 August is as follows:

	Minimum lease payments 2023 £000	**Interest 2023 £000**	**Principal 2023 £000**
Less than one year	-	-	-

	Minimum lease payments 2022 £000	Interest 2022 £000	Principal 2022 £000
Less than one year	24	1	23

Notes to the Financial Statements

16 Financial instruments and financial risk management

Risk management objectives and policies
The investment objective of the Company is to maximise its total return primarily through the capital appreciation of its investments. The Company holds 100% of the issued share capital in its direct subsidiary, MXC Guernsey Limited ("MXCG"), which in turn holds investments in the form of equities and loan instruments. In addition, the Company holds cash as well as having receivables and payables that arise directly from its operations. The Company's overall risk management programme focuses on the unpredictability of the financial markets which may impact the value of its investment in MXCG and seeks to minimise potential adverse effects on its financial performance. The main financial risks that the Company is exposed to, through its investment in MXCG, are market risk (which includes currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The most significant financial risks to which the Company is exposed are described below and relate to the following financial instruments:

Principal financial instruments
The principal financial instruments used by the Company (2022: Group) from which financial instrument risk arises are as follows:

- Financial assets at fair value through profit or loss
- Loans and other receivables
- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

		Consolidated
	2023	2022
	£000	£000
Financial assets		
Financial assets at fair value through profit or loss	**24,728**	16,439
Loans and other receivables	**-**	20,990
Trade and other receivables	**57**	555
Cash and cash equivalents	**59**	3,749
	24,844	41,733

		Consolidated
	2023	2022
	£000	£000
Financial liabilities		
Trade and other payables – excluding statutory liabilities	**788**	188

Notes to the Financial Statements

16 Financial instruments and financial risk management (continued)

Financial risk management

Currency risk

The Company has no direct exposure to currency risk. However, it may be indirectly exposed to currency risk through the companies its direct subsidiary, MXCG invests in. The Company does not hedge against currency risk, which the Board of Directors believe is a low risk to MXCG and the Company.

Interest rate risk

The Company finances its operations through a mixture of Shareholders' capital and reserves, together with non interest-bearing financing from group companies. The Company does hold any interest bearing assets or liabilities and therefore is not directly exposed to interest rate risk. The Company is, however, indirectly exposed to interest rate risk through MXCG and its related investments. Interest bearing loans made by MXCG are at fixed interest rates and are therefore not considered a high interest rate risk. Cash deposits within MXCG are potentially exposed to movements in interest rates. However, due to the generally low rates available, a movement in interest rates would not have a material financial impact on the fair value of the Company's investment in MXCG. Therefore, the Company does not hedge against the interest rate risk to which it is exposed.

Other price risk

The Company's exposure to other price risk consists mainly of movements in the value of certain of MXCG's investments which in turn impact the fair value of the Company's investment in MXCG. The Board manages the price risks inherent in the investment portfolio by ensuring full and timely access to relevant information on current and potential investments. The Board meets regularly and at each meeting reviews investment performance. For MXCG's quoted equity securities, an average overall change in fair value of 10% was observed during 2022. This is considered to be a suitable basis to apply to relevant MXCG quoted investments for estimating how profit or loss and equity could have been affected by changes in other price risk that were reasonably possible at the reporting date. It is considered appropriate to use the 2022 rate as the share price of Tialis Essential IT plc, MXCG's largest quoted investment, suffered a significant fall in the year which the Board considers to be one-off and related to the dilution of Tialis's shareholders as a result of the loan note conversion detailed in note 11. If the valuation of MXCG's relevant quoted investments increased or decreased by 10%, the fair value of the Company's investment in MXCG and hence the Company's profit or loss and equity in 2023 would have changed by £0.9 million in either direction.

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk principally in respect of cash deposits with financial institutions and its trade receivables. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at 31 August, as summarised in the 'Principal financial instruments' table above.

The Company's management considers that all of the above financial assets that are not impaired or past due for each of the 31 August reporting dates under review are of good credit quality. The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings of A and above.

Liquidity risk

Liquidity risk is that the Company might be unable to meet its financial obligations as they fall due. The Company's objective is to manage its cash flows to ensure that it will always have sufficient liquidity to meet its liabilities when due. The directors manage liquidity risk by regularly reviewing the Company's cash requirements by reference to cash flow projections prepared by management.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables together with funding from its subsidiary, MXCG. MXCG's existing cash resources significantly exceed the current cash outflow requirements for both itself and the Company.

Notes to the Financial Statements

16 Financial instruments and financial risk management *(continued)*

Financial risk management *(continued)*

Liquidity risk (continued)
The tables below analyse the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. These amounts disclosed in the table are the contracted undiscounted cash flows. Balances within 12 months equal their carrying balances as the impact of discounting is not significant.

2023: Company	**Within 12 months £000**
Trade payables	**1**

2022: Group	Within 12 months £000
Trade payables	32

Concentration risk
Concentration risk is the risk that the Company may be adversely affected by MXCG's investments being focused on a relatively small numbers of companies, all of whom operate within the technology sector. See 'Other price risk' for details of how the Board mitigates this risk and the impact it may have on reported results.

Capital management
The Company's capital structure is comprised entirely of shareholders' equity. The objective of the Board when managing capital is:

- to ensure the Company can meet its liabilities as they fall due; and
- to maximise the Company's total return primarily through the capital appreciation of its investments.

The capital structure is managed and adjusted to reflect changes in economic conditions. The Company funds its expenditure on commitments as detailed in "Liquidity Risk" above. There are no externally imposed capital requirements. Financing decisions are made by the Board based on forecasts of the expected timing and level of capital, the operating expenditure required to meet the Company's commitments and development plans and the performance of the Company's investments.

Notes to the Financial Statements

17 Share premium

Ordinary shares of no par value	**Number of shares**	**Share Premium £000**
At 1 September 2021 and 31 August 2022	42,346,720	45,356
Issue of share capital	200,000	-
Shares cancelled	(4,457,550)	(3,272)
At 31 August 2023	**38,089,170**	**42,084**

The Company is authorised to issue an unlimited number of Ordinary shares of no par value.

2023 share events
Following a tender offer to all shareholders, in April 2023 4,457,550 Ordinary shares were purchased by the Company at a price of 73p per share. All Ordinary shares purchased in the tender offer were subsequently cancelled.

In July 2023, 200,000 Ordinary shares were issued at a price of 0.0p per share to satisfy the exercise of share options.

There were no share events in the year ended 31 August 2022.

18 Share based payments

Share option scheme
The Company has a share option scheme for certain current and former employees of the Group. The maximum share options outstanding at the end of the year were:

	2023 Number of share options	**2023 Weighted average exercise price £**	2022 Number of share options	2022 Weighted average exercise price £
Outstanding at the beginning of the year	**532,883**	**0.50**	532,883	0.50
Exercised in year	**(200,000)**	**-**	-	-
Lapsed in year	**(332,883)**	**0.50**	-	0.50
Outstanding at the end of the year	**-**	**-**	532,883	0.31
Exercisable at the end of the year	**-**	**-**	532,883	0.31

Share options with an option life of 10 years were granted in 2013 and, as the performance criteria has been achieved, all options have fully vested. Where applicable, the Board has exercised its discretion so that options granted to former employees continue to be exercisable.

Notes to the Financial Statements

18 Share based payments *(continued)*

The maximum options outstanding under the Company's share option schemes at 31 August 2023 were as follows:

2013 Enterprise Management Incentive scheme:	**2023 No. of options**	**2022 No. of options**	**Calendar year of grant**	**Exercise period**	**Exercise price per share**
	-	332,883	2013	2013-2023	£0.50
	-	200,000	2013	2013-2023	£ nil

The fair value of the employees' services received in exchange for the grant of share options is recognised as an expense. The total amount to be expensed over the vesting period was determined by reference to the fair value of the share options granted, calculated using the Black-Scholes option pricing model.

The share-based payments charge in respect of these share options has been fully expensed in previous financial years.

Long term incentive plan ('LTIP')
In previous years, the Company made awards to certain directors and employees under its Long-Term Incentive Plan ("LTIP").

The beneficiaries of the LTIP are entitled to receive a share of shareholder value created, subject to share price performance and employment criteria. Shareholder value is defined as the growth in the market value of the Company from the base value of August 2014, taking into account dividends and capital returns, if any. The base value is defined as the aggregate value of all of the ordinary shares in the capital of the Company in issue in August 2014 as adjusted for the issue or cancellation of new ordinary shares after that date.

As at 31 August 2023, awards over 0.93% of shareholder value were in place (2022: 0.93%). No further awards under the LTIP are expected to be made.

The fair value of the LTIP was calculated by an external valuations' expert using a two-tiered Black-Scholes option pricing model together with an empirical model. The share-based payments charge in respect of the LTIP awards has been fully expensed in previous financial years.

19 Net cash flows from operating activities

	2023	2022
	£000	£000
(Loss)/profit on ordinary activities before taxation	**(7,660)**	1,816
Adjustments for:		
Movement in fair value of investments	**10,708**	10
Gain on transition to IFRS 10 investment entity	**(42)**	-
Depreciation	**13**	76
Net finance income	**(108)**	(1,931)
Impairment provision on loans receivable	**-**	(185)
(Increase)/decrease in trade and other receivables	**(22)**	395
Increase/(decrease) in trade and other payables	**537**	(231)
Cash generated from/(used in) operations	**3,426**	(50)

2023 comprises 2 months' consolidated figures and 10 months' Company only. 2022 comprises 12 months' consolidated figures.

Notes to the Financial Statements

20 Related party transactions

The remuneration of the directors is as disclosed in note 5 and on page 8.

Certain of the Group's investee companies were deemed to be related parties in 2022, because they are classed as associates or joint ventures of the Group.

Transactions between the Company and its direct and indirect subsidiaries, which are related parties, are disclosed below for 2023. Such transactions were eliminated on consolidation in 2022 and are therefore not disclosed in this note for that year.

Durning the year ended 31 August 2023, the Company received a dividend of £3,250,000 from its subsidiary, MXC Guernsey Limited. Oher transactions entered into, and trading balances outstanding at 31 August with related parties, are as follows:

	Services provided by/(to) the Group/Company £000	Amounts owed to/(by) the Group/ Company £000
Subsidiaries		
2023 – amounts recharged by the Company	**158**	**57**
2023 – amounts recharged to the Company	**(198)**	**(736)**
Associates		
2023 - Company	**-**	**-**
2022 - Group	280	348
Joint venture		
2023 - Company	**-**	**-**
2022 - Group	433	76

Amounts owed by related parties are stated gross of VAT.

Terms and conditions of transactions with related parties
Sales to and purchases from related parties are made on an arm's length basis. Outstanding balances with entities other than group companies are unsecured, interest free and cash settlement is expected within agreed payment terms. Terms and conditions for transactions with group companies are the same, with the exception that balances are placed on intercompany accounts with no specified credit period. The Group has not provided or benefited from any guarantees for any related party receivables or payables. As at 31 August 2023, the Company has made a provision for ECLs relating to amounts owed by related parties in respect of trade receivables of £nil (2022 Group: £8,000).

In addition, at 31 August 2022, the Group had loans and deferred consideration outstanding due from associates and other related parties as disclosed in note 11.

The directors are not aware of any ultimate controlling party.

21 Events after reporting period

There were no events after the end of the reporting period that warrant adjustment or disclosure in the financial statements.