

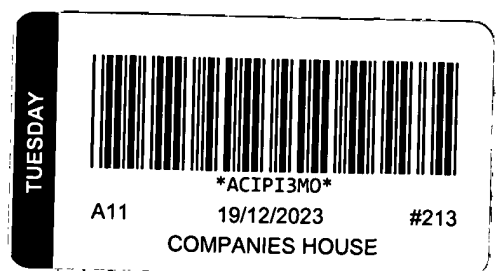
Cyberhawk Innovations Limited

Annual Report and Financial Statements

Year Ended

31 March 2023

Company Number SC340484



Cyberhawk Innovations Limited

Company Information

Directors	Christopher Fleming Philip Buchan Andrew Carnwath Mats Lundgren John Comiskey Lucy Armstrong Daniel Wild
Company secretary	Thorntons Law LLP
Registered number	SC340484
Registered office	Kinburn Castle St Andrews Fife KY16 9DR
Trading Address	EICA Ratho South Platt Hill EH28 8AA
Independent auditor	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD
Banker	Clydesdale Bank 30 St Vincent Street Glasgow G1 2HL Royal Bank of Scotland St Andrew Square Edinburgh EH2 2AD
Solicitor	Thorntons Law LLP Whitehall House 33 Yeaman Shore Dundee DD1 4BJ

Cyberhawk Innovations Limited

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Cyberhawk Innovations Limited

Strategic Report For the Year Ended 31 March 2023

The Directors present their Strategic Report together with the audited financial statements for the year ended 31 March 2023.

Business review

Cyberhawk Innovations Limited is the UK based trading company of the Cyberhawk group. As well as trading directly with external customers, the Company also supports the operations of its wholly owned entities of Cyberhawk Inc in the USA and Cyberhawk MENA QFC LLC in Qatar. Appropriate arms-length fees are charged for these services and recorded as other operating income.

Cyberhawk has for many years been a global leader in unmanned aerial vehicle ('UAV') inspection and survey solutions for critical energy assets. This depth of experience and knowledge of the assets and of our customers requirements gives us a unique foundation to develop our technology led solutions for the future.

Cyberhawk continues to evolve beyond its traditional drone inspection and surveying services. Increasingly, the customer offerings are focussed on broader solutions that encompass not only the data collection and processing itself but also encompass our proprietary iHawk software products to transform data into actionable insights.

Continuing to develop our iHawk platform remains a strategic priority for both the Company and the Group. The recent increased investment in developing our iHawk software platforms has resulted in our Group Annual Recurring Revenue having more than doubled from \$1.5m at the start of the financial year under review, to over \$3.4m as we enter the new financial year. The financial impact of this uplift in software revenues is limited in the year under review as it occurred in the final quarter of the year but provides great momentum for the year ahead.

Given the significant investment in software development and our success in converting this to ARR, Cyberhawk Innovations has elected to capitalise a conservative proportion of its development costs. Total spend on our software activities was £2.1m of which £0.6m was capitalised with the remainder being expensed. Whilst inspection revenues declined in FY23, this should be seen in the context of both the longer term growth trajectory of the Cyberhawk Group for which the 5 year revenue CAGR is 36%. The longer term prospects for Cyberhawk's inspection business remain strong and provide the confidence to continue to increase our investment in strategic areas including software development.

The result for the year includes a £0.25m decrease in EBITDA due to the impact of hedging against the significant volatility in the USD/GBP FX rate experienced in the period. Whilst Cyberhawk will continue to manage FX risk pro-actively we do not anticipate that such volatility will occur looking forward.

The year to 31 March 2023 was a year of decline for Cyberhawk Innovations with a decrease of 5.5% in revenues from £5.1m to £4.8m.

Operating profit for the year was £31k, compared to an operating loss of £217k in the previous year. The operating profit is stated after amortisation of £20k (2022 - £3k) and depreciation of £294k (2022 - £306k) meaning our EBITDA reached £345k (2022 - £92k).

Cyberhawk Innovations Limited

Strategic Report (continued) For the Year Ended 31 March 2023

Principal risks and uncertainties

The Board maintains a risk register and principal risks are reviewed and actions put in place to mitigate risk where necessary.

The continued acceleration in the adoption of drones for inspection and multiple other purposes brings with it great opportunities for Cyberhawk, through enabling mass adoption of drones and lower cost operations but also an element of risk. The hardware is developing rapidly and as the drones become safer and easier to fly the barriers to entry for drone based inspection services decline. The key mitigation for Cyberhawk is to continue to evolve and diversify our range of services and products as well as our customer base. Our customers increasingly look for us to provide or facilitate quality insights rather than raw data. Our iHawk platform can ingest data from multiple sources or providers and provide customers with the data management and data visualisation tools that will deliver the desired insights. It is through staying at the forefront of technological advancements and this continued evolution that we believe offers the not only risk mitigation but great confidence in the future.

Our geographical expansion in recent years has also brought with it increased exposure to foreign currency risk. In particular, our large multi-national customers operate in USD and as such we have a growing exposure to the GBP/USD relative value. To mitigate this, our forecasts are all prepared on a multi currency basis and our net exposure is mitigated through a policy of using forward contracts within pre agreed criteria. Our expansion of on the ground operational resources in the US and Qatar has also created a natural hedge as our USD driven cost base grows.

Financial key performance indicators

The following financial KPI's demonstrate the performance in the year.

	2023	2022	Move
	£000	£000	%
Revenue	4,846	5,130	(6)
Gross profit	1,449	836	73
EBITDA	345	92	274
Operating profit/(loss)	31	(217)	114
Profit/(loss) before tax	9	(274)	103
Profit/(loss) for the financial period	274	(175)	256

EBITDA and operating profit within Cyberhawk Innovations is stated after absorption of the majority of software development costs which are expensed as incurred. From the total costs incurred on software development of £2.1m, 0.6m have been capitalised and the remainder is recognised in the statement of comprehensive income.

Sustainability

The business is acutely aware of the need to minimise any impact we have on the environment but also on the positive contribution of our services to our customers to deliver on their own sustainability programmes. Through replacing traditional asset inspection methods of rope access or the use of helicopters we believe our services contribute hugely to both removing people from hazardous environments and also in reducing carbon emissions. Increasingly we are also focussed on wildfire prevention programmes and protecting the environment from the devastation this causes. Sustainability is now at the heart of our strategic agenda and increasingly becoming central to our reporting and performance measurement.

Cyberhawk Innovations Limited

Strategic Report (continued)
For the Year Ended 31 March 2023

Other key performance indicators

The business has actively diversified its portfolio over the past year and as such the revenue split by activity and by geographical base is also seen as a key indicator on progressing our strategic objectives.

The UK business has continued to support the successful development of both wholly owned subsidiaries during the year (Cyberhawk Inc in the USA and Cyberhawk MENA QFC LLC in Qatar).

This report was approved by the board on 15/12/23 and signed on its behalf.


John Corniskey
Director

Cyberhawk Innovations Limited

Directors' Report For the Year Ended 31 March 2023

The Directors present their report together with the audited financial statements for the year ended 31 March 2023.

The principal activity of the Company is to deliver inspection services on critical energy assets using proprietary cloud based software, iHawk, to deliver insightful results and primarily using unmanned aerial vehicles to capture the data.

Going concern

The Directors have prepared forecasts for at least 12 months from the date of signing these accounts. These demonstrate an expected continuation in our profitable growth story for the new financial year and beyond.

The year to March 2023 saw a decrease in both revenues and profit. The reasons for this were distinct and fully understood to largely reflect a reduction from an exceptional performance in the prior year rather than a cause for concern. The business remains profitable and maintained full bank covenant compliance during the year.

Whilst we do not envisage a contraction of demand for our services, we could if necessary absorb a significant contraction and maintain positive cashflow. We also have the added benefit of an increasing geographical spread which reduces the impact of travel restrictions.

Our client base is typically large multi-national, reputable energy sector clients and our services are typically considered essential. Combined with our very strong order book, any liquidity concerns becoming critical are considered extremely remote.

In terms of stress testing the future business model, we do have a profitable core business and a recurring customer base. We are also currently re-investing most of our positive cashflow into developing future income streams. If for some currently unforeseeable reason we were to reverse our growth momentum, we would have the option of halting any discretionary future focussed investment to preserve cash and protect the business. The Board remains confident that there are no reasonably foreseeable circumstances under which the Group and the Company cannot continue to operate as a going concern. Accordingly the Financial Statements have been prepared on a going concern basis.

Results and dividends

The profit for the year, after taxation, amounted to £273,990 (2022 - loss £175,387).

There were no dividend proposed during the year (2022 - £Nil).

EBITDA for the year was up by 274% to £345k. After amortisation of goodwill, notional interest on loan notes, bank interest and depreciation, the profit for the year before tax amounted to £9k (2022 loss of £274k). The profit for the year, after taxation, amounted to £274k (2022, loss of £175k).

Directors

The Directors who served during the year were:

Christopher Fleming
Philip Buchan
Andrew Carnwath
Mats Lundgren
John Comiskey
Lucy Armstrong
Daniel Wild

Cyberhawk Innovations Limited

Directors' Report (continued) For the Year Ended 31 March 2023

Future developments

The need for the solutions that are provided by Cyberhawk is expected to grow exponentially over time. Ageing energy infrastructure, a transition to greater reliance on electric power grid networks and an increasing demand for environmentally friendly asset management solutions all combine to grow demand for our services.

As such, the Cyberhawk Group will look to continue to consolidate and expand our inspection services across all 3 of our Operational bases (UK, USA and Qatar). In addition, the investment in developing our proprietary software led solutions will continue to accelerate and over time we anticipate a significant increase in the proportion of our business that is software led. Customers are increasingly looking for end to end asset management solutions and that is what we continue to develop.

Financial risk management objectives and policies

The Company uses various financial instruments which include cash, and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. The existence of these financial instruments exposes the Company to a number of financial risks, are described in more detail below.

Matters covered in the Strategic Report

Required disclosures in relation to the Company's financial and other key performance indicators, business review and principal risks and uncertainties have been included within the Strategic Report.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

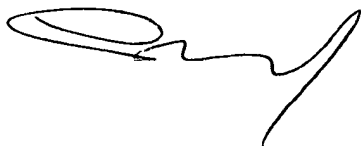
The auditor, BDO LLP, will be proposed for reappointment in accordance with section 185 of the Companies Act 2006.

This report was approved by the board on

15/12/23

and signed on its behalf.


John Comiskey
Director



Cyberhawk Innovations Limited

Directors' Responsibilities Statement For the Year Ended 31 March 2023

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare audited financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Cyberhawk Innovations Limited

Independent Auditor's Report to the Members of Cyberhawk Innovations Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Cyberhawk Innovations Limited ("the Company") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Balance Sheet, Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and the Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements

Conclusions relating to going concern

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

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

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

Cyberhawk Innovations Limited

Independent Auditor's Report to the Members of Cyberhawk Innovations Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Cyberhawk Innovations Limited

Independent Auditor's Report to the Members of Cyberhawk Innovations 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations,

We considered the significant laws and regulations to be FRS 102, the Companies Act and UK tax legislation.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigation. We identified such laws and regulations to be Health and Safety at Work etc Act 1974.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing those to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred;

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.

Cyberhawk Innovations Limited

Independent Auditor's Report to the Members of Cyberhawk Innovations Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year which met defined risk criteria, including agreement to supporting documentation.

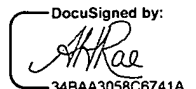
We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

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Alastair Rae (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Edinburgh
United Kingdom
18 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Cyberhawk Innovations Limited

Statement of Comprehensive Income For the Year Ended 31 March 2023

	Note	2023 £	2022 £
Turnover	4	4,846,450	5,129,509
Cost of sales		(3,397,287)	(4,165,995)
Gross profit		1,449,163	963,514
Administrative expenses		(2,328,316)	(2,671,827)
Other operating income	5	910,634	1,491,392
Operating profit/(loss)	6	31,481	(216,921)
Interest receivable and similar income		879	-
Interest payable and similar charges	10	(23,363)	(56,890)
Profit/(loss) before tax		8,997	(273,811)
Tax on profit/(loss)	11	264,993	98,424
Profit/(loss) for the financial year		273,990	(175,387)

There was no other comprehensive income for 2023 (2022:£NIL).

The notes on pages 14 to 33 form part of these financial statements.

Cyberhawk Innovations Limited

Registered number: SC340484

Balance Sheet As at 31 March 2023

	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Intangible assets	12		542,106		7,343
Tangible assets	13		466,728		564,304
Investments	14		21,032		21,032
			<u>1,029,866</u>		<u>592,679</u>
Current assets					
Debtors: amounts falling due after more than one year	15	222,185		234,577	
Debtors: amounts falling due within one year	15	1,967,514		1,999,304	
Cash at bank and in hand		457,928		151,680	
		<u>2,647,627</u>		<u>2,385,561</u>	
Creditors: amounts falling due within one year	16	(2,455,022)		(1,533,443)	
Net current assets			<u>192,605</u>		<u>852,118</u>
Total assets less current liabilities			<u>1,222,471</u>		<u>1,444,797</u>
Creditors: amounts falling due after more than one year	17		(5,770)		(502,086)
Net assets			<u>1,216,701</u>		<u>942,711</u>
Capital and reserves					
Called up share capital	21		9		9
Share premium account	22		2,132,842		2,132,842
Profit and loss account	22		(916,150)		(1,190,140)
			<u>1,216,701</u>		<u>942,711</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on

15/12/23


John Comiskey
Director

The notes on pages 14 to 33 form part of these financial statements.

Cyberhawk Innovations Limited

Statement of Changes in Equity For the Year Ended 31 March 2023

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2022	9	2,132,842	(1,190,140)	942,711
Comprehensive profit for the year				
Profit for the year	-	-	273,990	273,990
Total comprehensive income for the year	-	-	273,990	273,990
Total transactions with owners	-	-	-	-
At 31 March 2023	9	2,132,842	(916,150)	1,216,701

Statement of Changes in Equity For the Year Ended 31 March 2022

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2021	9	2,132,842	(1,014,753)	1,118,098
Comprehensive loss for the year				
Loss for the year	-	-	(175,387)	(175,387)
Total comprehensive income for the year	-	-	(175,387)	(175,387)
Total transactions with owners	-	-	-	-
At 31 March 2022	9	2,132,842	(1,190,140)	942,711

The notes on pages 14 to 33 form part of these financial statements.

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

1. General information

Cyberhawk Innovations Limited is a private company limited by shares incorporated in Scotland, UK. The address of the registered office is given on the Company information page and the nature of the Company's operations and its principal activities are set out in the Strategic Report and Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Cyberhawk Holdings Limited as at 31 March 2023 and these financial statements may be obtained from Companies House.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

2. Accounting policies (continued)

2.4 Going concern

The Directors have prepared forecasts for at least 12 months from the date of signing these accounts. These demonstrate an expected continuation in our profitable growth story for the new financial year and beyond.

The year to March 2023 saw a decrease in both revenues and profit. The reasons for this were distinct and fully understood to largely reflect a reduction from an exceptional performance in the prior year rather than a cause for concern. The business remains profitable and maintained full bank covenant compliance during the year.

Whilst we do not envisage a contraction of demand for our services, we could if necessary absorb a significant contraction and maintain positive cashflow. We also have the added benefit of an increasing geographical spread which reduces the impact of travel restrictions.

Our client base is typically large multi-national, reputable energy sector clients and our services are typically considered essential. Combined with our very strong order book, any liquidity concerns becoming critical are considered extremely remote.

In terms of stress testing the future business model, we do have a profitable core business and a recurring customer base. We are also currently re-investing most of our positive cashflow into developing future income streams. If for some currently unforeseeable reason we were to reverse our growth momentum, we would have the option of halting any discretionary future focussed investment to preserve cash and protect the business.

The Board remains confident that there are no reasonably foreseeable circumstances under which the Group and the Company cannot continue to operate as a going concern. Accordingly the Financial Statements have been prepared on a going concern basis.

2.5 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

2. Accounting policies (continued)

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the Standard (1 April 2017) to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.8 Leased assets: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 20% straight line
Plant and machinery	- 25% straight line
Motor vehicles	- 25% straight line
Office equipment	- 25 to 50% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

2. Accounting policies (continued)

2.15 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.17 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Financial instruments

The Company has elected to apply the provisions of Section 11 "Basic Financial Instruments" of FRS 102 to all of its financial instruments.

The Company has elected to apply the recognition and measurement provisions of IFRS 9 Financial Instruments (as adopted by the UK Endorsement Board) with the disclosure requirements of Sections 11 and 12 and the other presentation requirements of FRS 102.

Financial instruments are recognised in the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables, cash and bank balances, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

Other financial assets

Other financial assets, which includes investments in equity instruments which are not classified as subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the recognised transaction price. Such assets are subsequently measured at fair value with the changes in fair value being recognised in the profit or loss. Where other financial assets are not publicly traded, hence their fair value cannot be measured reliably, they are measured at cost less impairment.

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

2. Accounting policies (continued)

2.18 Financial instruments (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

Financial assets are impaired when events, subsequent to their initial recognition, indicate the estimated future cash flows derived from the financial asset(s) have been adversely impacted. The impairment loss will be the difference between the current carrying amount and the present value of the future cash flows at the asset(s) original effective interest rate.

If there is a favourable change in relation to the events surrounding the impairment loss then the impairment can be reviewed for possible reversal. The reversal will not cause the current carrying amount to exceed the original carrying amount had the impairment not been recognised. The impairment reversal is recognised in the profit or loss.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after the deduction of all its liabilities.

Basic financial liabilities, which include trade and other payables, bank loans and other loans are initially measured at their transaction price after transaction costs. When this constitutes a financing transaction, whereby the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Discounting is omitted where the effect of discounting is immaterial.

Debt instruments are subsequently carried at their amortised cost using the effective interest rate method.

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if the payment is due within one year. If not, they represent non-current liabilities. Trade payables are initially recognised at their transaction price and subsequently are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Other financial instruments

Derivatives, including forward exchange contracts, futures contracts and interest rate swaps, are not classified as basic financial instruments. These are initially recognised at fair value on the date the derivative contract is entered into, with costs being charged to the profit or loss. They are subsequently measured at fair value with changes in the profit or loss.

Debt instruments that do not meet the conditions as set out in FRS 102 paragraph 11.9 are subsequently measured at fair value through the profit or loss. This recognition and measurement would also apply to financial instruments where the performance is evaluated on a fair value basis as with a documented risk management or investment strategy.

Derecognition of financial instruments

Derecognition of financial assets

Financial assets are derecognised when their contractual right to future cash flow expire, or are

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

2. Accounting policies (continued)

2.18 Financial instruments (continued)

settled, or when the Company transfers the asset and substantially all the risks and rewards of ownership to another party. If significant risks and rewards of ownership are retained after the transfer to another party, then the Company will continue to recognise the value of the portion of the risks and rewards retained.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

2.19 Hedge accounting

The Company uses variable to fixed interest rate swaps to manage its exposure to fair value risk on its liabilities. These derivatives are measured at fair value at each Balance Sheet date.

To the extent the cash flow hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the year.

Gains and losses on the hedging instruments and the hedged items are recognised in profit or loss for the year. When a hedged item is an unrecognised firm commitment, the cumulative hedging gain or loss on the hedged item is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

In preparing these financial statements, the Directors have made the following judgements:

- **Revenue recognition**

Where revenue is recognised in relation to a project that spans the year end, the Directors use professional judgement to assess the percentage of completeness of the project and ascertain the revenue to be recognised with reference to the quoted price of the project and time charged to date on the project.

- **Tangible and intangible fixed assets**

The Directors determine whether there are indicators of impairment of the Company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

- **Assessing whether a lease is an operating or finance lease**

The Directors determine whether leases entered into by the Company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

The Directors have assessed there to be the following key sources of estimation uncertainty:

- **Tangible fixed assets**

Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Debtors recoverability**

An estimate is made by the Directors of the likelihood of recoverability of trade debtors at the Balance Sheet date, based upon the age of the debt in question and the payment history/credit rating of the customer. For any balance considered irrecoverable, provision is made against the debtor. The remaining debtor balance at the year end is not provided for, is therefore considered fully recoverable at the Balance Sheet date.

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Inspection and surveying	3,127,708	4,084,659
iHawk software	1,718,742	1,044,850
	<u>4,846,450</u>	<u>5,129,509</u>

Analysis of turnover by destination:

	2023 £	2022 £
United Kingdom	4,202,939	3,407,050
Rest of Europe	584,925	631,995
Rest of the world	58,586	1,090,464
	<u>4,846,450</u>	<u>5,129,509</u>

5. Other operating income

	2023 £	2022 £
Other operating income	-	12,158
Management recharge to group undertakings	910,634	1,479,234
	<u>910,634</u>	<u>1,491,392</u>

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2023 £	2022 £
Depreciation of tangible fixed assets	293,929	305,647
Amortisation of intangible assets	19,542	3,147
Other operating lease rentals	34,300	47,913
Contributions to defined contribution pension scheme	174,944	190,264
	<u>174,944</u>	<u>190,264</u>

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

7. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor:

	2023 £	2022 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	20,160	16,800

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent Company.

8. Employees

	2023 £	2022 £
Wages and salaries	3,190,046	3,560,165
Social security costs	475,828	426,950
Cost of defined contribution scheme	174,944	190,264
	<u>3,840,818</u>	<u>4,177,379</u>

The total amount paid in respect of remuneration to key management personnel was £554,768 (2022 - £508,705).

The average monthly number of employees, including the Directors, during the year was as follows:

	2023 No.	2022 No.
Employees	<u>101</u>	<u>87</u>

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

9. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	490,507	464,181
Company contributions to defined contribution pension schemes	26,561	17,647
	<u>517,068</u>	<u>481,828</u>

During the year retirement benefits were accruing to 3 Directors (2022 - 5) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £225,672 (2022 - £162,188).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £5,497 (2022 - £4,663).

10. Interest payable and similar charges

	2023 £	2022 £
Bank interest payable	-	5,620
Loans from group undertakings	20,951	47,000
Finance leases and hire purchase contracts	2,412	4,270
	<u>23,363</u>	<u>56,890</u>

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

11. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	(299,114)	-
Adjustments in respect of previous periods	-	(24,077)
	<u>(299,114)</u>	<u>(24,077)</u>
Foreign tax		
Foreign tax on income for the year	21,729	9,937
	<u>(277,385)</u>	<u>(14,140)</u>
Total current tax		
	<u>(277,385)</u>	<u>(14,140)</u>
Deferred tax		
Origination and reversal of timing differences	114,877	(66,314)
Effect of tax rate change on prior periods	(102,485)	22,413
Effect of tax rate change on opening balances	-	(40,383)
	<u>12,392</u>	<u>(84,284)</u>
Total deferred tax		
	<u>12,392</u>	<u>(84,284)</u>
Taxation on loss on ordinary activities	<u>(264,993)</u>	<u>(98,424)</u>

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - lower than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit/(loss) on ordinary activities before tax	8,997	(273,811)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	1,709	(52,024)
Effects of:		
Fixed asset differences	(10,948)	1,406
Expenses not deductible for tax purposes	-	219
Capital allowances for year in excess of depreciation	-	(24,077)
Income not taxable for tax purposes	(2,941)	-
Additional deduction for R&D expenditure	(276,708)	-
Surrender of tax losses for R&D tax credit refund	92,828	-
Adjustments to tax charge in respect of prior periods - deferred tax	(102,485)	6,498
Remeasurement of deferred tax for changes in rates	-	(40,383)
Foreign tax credits	21,729	9,937
Other differences leading to an increase in the tax charge	11,823	-
Total tax charge for the year	(264,993)	(98,424)

Factors that may affect future tax charges

The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

For further information on deferred tax balances see note 20.

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

12. Intangible assets

	iHawk Development £
Cost	
At 1 April 2022	10,490
Additions	554,305
At 31 March 2023	<u>564,795</u>
Amortisation	
At 1 April 2022	3,147
Charge for the year on owned assets	19,542
At 31 March 2023	<u>22,689</u>
Net book value	
At 31 March 2023	<u><u>542,106</u></u>
At 31 March 2022	<u><u>7,343</u></u>

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

13. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost					
At 1 April 2022	198,323	848,215	113,981	474,698	1,635,217
Additions	-	124,131	10,921	93,530	228,582
Disposals	-	(107,393)	(30,298)	(20,620)	(158,311)
At 31 March 2023	<u>198,323</u>	<u>864,953</u>	<u>94,604</u>	<u>547,608</u>	<u>1,705,488</u>
Depreciation					
At 1 April 2022	94,952	592,310	66,493	317,158	1,070,913
Charge for the year on owned assets	39,664	121,850	17,053	115,362	293,929
Disposals	-	(75,164)	(30,298)	(20,620)	(126,082)
At 31 March 2023	<u>134,616</u>	<u>638,996</u>	<u>53,248</u>	<u>411,900</u>	<u>1,238,760</u>
Net book value					
At 31 March 2023	<u><u>63,707</u></u>	<u><u>225,957</u></u>	<u><u>41,356</u></u>	<u><u>135,708</u></u>	<u><u>466,728</u></u>
At 31 March 2022	<u><u>103,371</u></u>	<u><u>255,905</u></u>	<u><u>47,488</u></u>	<u><u>157,540</u></u>	<u><u>564,304</u></u>

At 31 March 2023, the net book value of assets held under finance leases or hire purchase agreements was £12,189 (2022 - £37,161).

14. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2022	21,032
At 31 March 2023	<u><u>21,032</u></u>

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Cyberhawk Inc.	11111 Katy Fwy 910, Houston, TX77043	Ordinary	100%
Cyberhawk MENA QFZ LLC	Wing2, Level 1 , Business&Innovation, Park, Ras Bufontas, Doha, Qatar	Ordinary	100%

The principle activity of the subsidiaries are the same as the Company.

15. Debtors

	2023 £	2022 £
Due after more than one year		
Deferred taxation (note 20)	222,185	234,577
	<u>222,185</u>	<u>234,577</u>
	2023 £	2022 £
Due within one year		
Trade debtors	761,865	1,281,100
Amounts owed by group undertakings	710,771	475,624
Other debtors	161,040	48,549
Prepayments and accrued income	217,769	194,031
Foreign exchange swap (note 19)	116,069	-
	<u>1,967,514</u>	<u>1,999,304</u>

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

16. Creditors: amounts falling due within one year

	2023 £	2022 £
Bank overdrafts	-	84,170
Trade creditors	289,752	117,581
Amounts owed to group undertakings	867,687	-
Other taxation and social security	148,990	147,221
Obligations under finance lease and hire purchase contracts	14,092	33,666
Other creditors	58,315	55,551
Accruals and deferred income	1,076,186	1,034,466
Foreign exchange swap (note 19)	-	60,788
	<u>2,455,022</u>	<u>1,533,443</u>

Obligations under finance leases and hire purchases are secured against the assets concerned.

17. Creditors: amounts falling due after more than one year

	2023 £	2022 £
Net obligations under finance leases and hire purchase contracts	5,770	18,561
Amounts owed to group undertakings	-	483,525
	<u>5,770</u>	<u>502,086</u>

The amounts due to group undertakings are repayable on or before March 2024 and bear interest at the SONIA rate plus 4%.

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2023 £	2022 £
Within one year	14,092	33,666
Between 1-5 years	5,770	18,561
	<u>19,862</u>	<u>52,227</u>

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

19. Foreign exchange hedge

	2023 £	2022 £
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	116,069	(60,788)

Derivative financial instruments measured at fair value through profit or loss comprise the foreign exchange swaps.

20. Deferred taxation

	2023 £
At beginning of year	234,577
Utilised in year	(12,392)
At end of year	222,185

The deferred tax asset is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(200,864)	(28,885)
Tax losses carried forward	407,531	256,040
Short term timing difference	15,518	7,422
	222,185	234,577

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

21. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
3,817 A Preference shares of £0.001- each	4	4
4,311 Ordinary A shares of £0.001- each	4	4
171 Ordinary B shares of £0.001- each	-	-
1,292 Ordinary shares of £0.001- each	1	1
	<u>9</u>	<u>9</u>

All preferred and ordinary shares are prescribed equal voting and dividend rights.

22. Reserves

The Company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account represents the excess consideration received from the issue of share capital.

Profit and loss account

The profit and loss account represents the accumulated profits and losses from the activities of the Company.

23. Contingent liabilities

The Company has granted a fixed and floating charge covering all the property or undertaking of the Company, along with an unlimited intercompany guarantee with the other Group companies to cover all bank borrowings with the Clydesdale Bank PLC. At 31 March 2023 the Group had total loans with the Clydesdale Bank PLC with a total principal value of £1,905,883 (2022 - £1,676,471).

The Company has granted a floating charge covering all the property or undertaking of the Company to Magnesium Capital Nominees Limited, as security trustee. This relates to subordinated loan notes issued by Cyberhawk Holdings Limited which at 31 March 2023 had a total principal value of £6,783,694 (2022 - £6,783,694).

24. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £174,944 (2022 - £190,264). Contributions totalling £40,920 (2022 - £28,755) were payable to the fund at the Balance Sheet date and are included in creditors.

Cyberhawk Innovations Limited

Notes to the Financial Statements For the Year Ended 31 March 2023

25. Commitments under operating leases

At 31 March 2023 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 £	2022 £
Not later than 1 year	62,874	57,267
Later than 1 year and not later than 5 years	24,487	23,857
	<u>87,361</u>	<u>81,124</u>

26. Related party transactions

The Company has taken advantage of the exemption available in Section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

27. Controlling party

The Company's immediate parent undertaking is Cyberhawk Holdings Limited. Due to the fragmented nature of the ownership of the ultimate company, the Directors are of the view that there is no ultimate controlling party.