

Cloudnc Limited

Annual Report and Financial Statements

For the year ended 31 December 2023

Company Registration No. 09821257 (England and Wales)

CloudNC Limited

Company Information

Directors	C J Emery T V Saville P A McNabb A Vidiborschii	(Appointed 2 February 2023)
Company number	09821257	
Registered office	1 Norton Folgate London United Kingdom E1 6DB	
Auditor	Moore Kingston Smith LLP 6th Floor 9 Appold Street London EC2A 2AP	

CloudNC Limited

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CloudNC Limited

Strategic Report

For the year ended 31 December 2023

The directors present the strategic report for the year ended 31 December 2023.

Fair review of the business

CloudNC Ltd is a company limited by shares that is registered and domiciled in the UK. The company operates in both the manufacturing and tech industries. Our Technology arm develops software aiding the automation of CNC machining which we launched in Beta in July 2023. Under our manufacturing division we supply metal CNC machined components to various industries including aerospace and aviation, automotive and the energy sector.

The company has continued its excellent record for quality and compliance receiving accreditation for ISO 9001 quality management, ISO 9100 Aviation, Space and Defense as well as cyber essentials plus.

Revenue has fallen in 2023 which reflects difficult market conditions for manufacturing during the year which has led to reduced sales, this is showing recovery in 2024 with an increase in sales year to date and an increased order book.

Gross Margin has also decreased, again reflecting the market conditions and the increase in direct costs as a result of inflation.

In order to facilitate sustainable growth and as a response to performance in 2023 the company has undertaken a major project in relation to operational efficiency at the factory site, this has yielded results in terms of increased productivity.

Principal risks and uncertainties

The company's operations expose it to financial risks including credit risk & foreign exchange risk.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is mitigated by ensuring that funds are spread across a number of notice accounts held only with reputable institutions with high credit ratings. The risk in relation to trade debtors is mitigated by thoroughly vetting all debtors before issuing credit terms ensuring terms are only granted to those with a suitable credit rating and to a limit that is reasonable in relation to the company's size and the expected trade. This is something that is actively monitored and acted upon should circumstances change.

Foreign exchange rates

The company is exposed to some transactional foreign exchange risk as we trade with both the US and Europe. To date this has not represented a significant risk and as such has not necessitated the purchase of forward contracts in order to mitigate, this is however something that the company monitors actively and will take action on if necessary.

Liquidity Risk

As the company is venture capital backed, it is exposed to some risk relating to liquidity which impacts upon going concern, the directors believe that this risk has been appropriately mitigated although a material uncertainty still exists (see page 14). A venture debt agreement has been secured which will be split over two tranches. In addition the company is in the process of raising a convertible loan note to provide further liquidity.

CloudNC Limited

Strategic Report (Continued)

For the year ended 31 December 2023

Key performance indicators

	2022	2023
Won Orders	£1.8m	£5.8m
Headcount	102	141
Cash position	£10.2m	£10.9m

1. Won orders defined as manufacturing orders won in the period. These have increased with the growth of the company and its presence in the market.
2. Headcount is defined as the number of FTE's employed at the end of the period. These have increased with the company recruiting more staff to help develop and sell the software product.
3. Cash position is defined as the value held as liquid cash funds at the end of the period. The movement in the period reflects the cash utilised in the year as well as the movement of current asset investments into cash.

Future Developments

Key objectives for 2024 include:

- Ensuring we have a repeatable and scalable software sales motion focusing on a smooth customer experience and resulting in increased revenues.
- Our software engages our customers and enables us to implement customer led improvements and innovation increasing our market share.
- Ensuring our factory is positioned to create a sustainable development centre for our tech driving increased productivity and increasing our order book.

On behalf of the board

T V Saville
Director

26 July 2024

CloudNC Limited

Directors' Report

For the year ended 31 December 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

Principal activities

The principal activity of the company in the period under consideration was that of the creation of cloud-based automation software and subcontract manufacture of precision metal components.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C J Emery

T V Saville

P A McNabb

S R Khaliq

A Vidiborschii

(Resigned 2 February 2023)

(Appointed 2 February 2023)

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a dividend.

No preference dividends were paid.

Auditor

The auditor, Moore Kingston Smith LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

T V Saville

Director

26 July 2024

CloudNC Limited

Directors' Responsibilities Statement

For the year ended 31 December 2023

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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;
- 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 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.

Cloudnc Limited

Independent Auditor's Report

To the Members of Cloudnc Limited

Opinion

We have audited the financial statements of CloudNC Limited (the 'company') for the year ended 31 December 2023 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss 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.

Basis for opinion

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

Conclusions relating to going concern

We draw attention to note 1.2 in the financial statements, which indicates uncertainty over future sources of funding. As stated in note 1.2 these events or conditions, along with the other matters as set forth in note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, 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.

Cloudnc Limited

Independent Auditor's Report (Continued)

To the Members of Cloudnc Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters 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 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.

Cloudnc Limited

Independent Auditor's Report (Continued)

To the Members of Cloudnc Limited

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.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement 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 purposes 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 the directors.
- Conclude on the appropriateness of the directors' 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Cloudnc Limited

Independent Auditor's Report (Continued)

To the Members of Cloudnc Limited

Explanation as to what extent the audit was considered 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.

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

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.

Ryan Day

Senior Statutory Auditor

for and on behalf of Moore Kingston Smith LLP

29 July 2024

Chartered Accountants

Statutory Auditor

6th Floor
9 Appold Street
London
EC2A 2AP

Cloudnc Limited

Profit and Loss Account

For the year ended 31 December 2023

		Year ended 31 December 2023 £	Period ended 31 December 2022 £
	Notes		
Turnover	3	1,949,807	2,160,535
Cost of sales		(5,141,838)	(3,331,687)
		<hr/>	<hr/>
Gross loss		(3,192,031)	(1,171,152)
Administrative expenses		(14,461,137)	(14,377,353)
Other operating income		1,024,364	23,499
		<hr/>	<hr/>
Operating loss	4	(16,628,804)	(15,525,006)
Interest receivable and similar income	7	793,690	342,737
Interest payable and similar expenses	8	(138,882)	(1,183,635)
		<hr/>	<hr/>
Loss before taxation		(15,973,996)	(16,365,904)
Tax on loss	9	916,392	1,560,902
		<hr/>	<hr/>
Loss for the financial year		<u>(15,057,604)</u>	<u>(14,805,002)</u>

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

Cloudnc Limited

Statement of Comprehensive Income For the year ended 31 December 2023

	Year ended 2023 £	Period ended 2022 £
Loss for the year	(15,057,604)	(14,805,002)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(15,057,604)</u>	<u>(14,805,002)</u>

CloudNC Limited

Balance Sheet

As at 31 December 2023

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Intangible assets	10		21,922		23,504
Tangible assets	11		2,470,081		1,041,593
			<u>2,492,003</u>		<u>1,065,097</u>
Current assets					
Stock	12	316,255		295,999	
Debtors	13	2,570,903		3,089,553	
Investments	14	-		15,079,988	
Cash at bank and in hand		10,932,528		10,261,083	
		<u>13,819,686</u>		<u>28,726,623</u>	
Creditors: amounts falling due within one year	15	<u>(2,941,368)</u>		<u>(3,100,445)</u>	
Net current assets			<u>10,878,318</u>		<u>25,626,178</u>
Total assets less current liabilities			<u>13,370,321</u>		<u>26,691,275</u>
Creditors: amounts falling due after more than one year	17		(990,148)		(455,329)
Provisions for liabilities					
Provisions	19	<u>(170,338)</u>		<u>(145,476)</u>	
			<u>(170,338)</u>		<u>(145,476)</u>
Net assets			<u>12,209,835</u>		<u>26,090,470</u>
Capital and reserves					
Called up share capital	22		351		347
Share premium account			68,003,389		67,192,845
Share based payment reserve			2,745,265		2,378,844
Profit and loss reserves			<u>(58,539,170)</u>		<u>(43,481,566)</u>
Total equity			<u>12,209,835</u>		<u>26,090,470</u>

The financial statements were approved by the board of directors and authorised for issue on 26 July 2024 and are signed on its behalf by:

T V Saville
Director

Company Registration No. 09821257

CloudNC Limited

Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital	Share premium account	Equity Share reserve	Share Based Paymentloss Reserve	Profit and reserves	Total	
	£	£	£	£	£	£	
Balance at 1 November 2021	201	12,980,289	1,328,041	823,903	(28,676,564)	(13,544,130)	
Period ended 31 December 2022:							
Loss and total comprehensive income for the period	22	-	-	-	(14,805,002)	(14,805,002)	
Issue of share capital	22	146	52,815,762	-	-	52,815,908	
Issue of convertible loan	22	-	-	68,753	-	68,753	
Conversion of loan to shares	22	-	1,396,794	(1,396,794)	-	-	
Credit to equity for equity settled share-based payments		-	-	1,554,941	-	1,554,941	
Balance at 31 December 2022		347	67,192,845	-	2,378,844	(43,481,566)	26,090,470
Year ended 31 December 2023:							
Loss and total comprehensive income for the year	22	-	-	-	(15,057,604)	(15,057,604)	
Issue of share capital	22	4	810,544	-	-	810,548	
Credit to equity for equity settled share-based payments	21	-	-	366,421	-	366,421	
Balance at 31 December 2023		351	68,003,389	-	2,745,265	(58,539,170)	12,209,835

Cloudnc Limited

Statement of Cash Flows

For the year ended 31 December 2023

		2023		2022	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	27	(15,624,317)		(13,109,078)	
Interest paid		(138,882)		(1,183,635)	
Income taxes refunded/(paid)		1,650,630		(89,839)	
Net cash outflow from operating activities		(14,112,569)		(14,382,552)	
Investing activities					
Purchase of intangible assets		(12,633)		(12,900)	
Purchase of tangible fixed assets		(1,193,017)		(784,487)	
Proceeds from disposal of tangible fixed assets		12,235		1,339	
Proceeds from disposal/(Purchase) of investments		15,079,988		(15,079,988)	
Interest received		793,690		342,737	
Net cash generated from/(used in) investing activities		14,680,263		(15,533,299)	
Financing activities					
Proceeds from issue of shares		810,548		39,556,632	
Repayment of borrowings		(473,377)		(1,051,750)	
Payment of finance leases obligations		(233,420)		27,515	
Net cash generated from financing activities		103,751		38,532,397	
Net increase in cash and cash equivalents		671,445		8,616,546	
Cash and cash equivalents at beginning of year		10,261,083		1,644,537	
Cash and cash equivalents at end of year		10,932,528		10,261,083	

CloudNC Limited

Notes to the Financial Statements

For the year ended 31 December 2023

1 Accounting policies

Company information

CloudNC Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1 Norton Folgate, London, United Kingdom, E1 6DB.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

In determining the ability of the company to operate under the going concern basis, the directors have considered the current economic environment as well as the level of funding available to it.

In doing so, the company has prepared detailed forecasts which have considered;

- the current and projected levels of available cash;
- the nature and term of outstanding liabilities; and
- any future fundraising (see below).

As the Company's principal activity is that of developing its cloud software, it relies on funding from investors for these activities as revenues from other trading activities are not sufficient to cover expenses. As at the time of signing, a venture debt agreement has been secured which is split over two tranches, of which the first tranche is unrestricted. In addition the company is in the process of raising a convertible loan note to provide further liquidity. Should the second tranche of the venture debt funding and the convertible loan note proceeds not be received, this may mean that the company cannot meet its liabilities as they fall due which gives rise to a material uncertainty regarding going concern.

On the basis of the above, the directors are satisfied that it is appropriate to prepare the financial statements of the company on a going concern basis.

1.3 Turnover

Turnover represents the sale of goods which is measured at the fair value of the consideration received or receivable, excluding rebates, VAT and other sales taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

CloudNC Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 years straight line
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1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	3 years straight line
Plant and equipment	3 years straight line
Leased Equipment	Life of the lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

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

1.6 Stock

Stock are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stock to their present location and condition.

Stock held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

Work in progress is valued by taking into considering employee and machine time spent on the various processes which happen to an item in order to bring it to completion.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

CloudNC Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

1 Accounting policies

(Continued)

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities. Cash deposits held with banks or other financial institutions with maturities of 95 days or more are shown as current asset investments.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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 debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Current Asset Investments

Current asset investments are basic financial assets and include deposits held with banks with original maturities between three months and less than one year.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

CloudNC Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

1 Accounting policies

(Continued)

Classification of 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 deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

CloudNC Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

CloudNC Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

1 Accounting policies

(Continued)

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

CloudNC Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

2 Judgements 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.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Indicators of Impairment

The Directors have deemed that no impairments to tangible fixed assets are necessary, as the value of the Leasehold Improvements, Plant and Equipment and Leased Equipment are not directly tied to the financial success of the company.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation

In determining the carrying amount of tangible fixed assets at the period end, the directors were required to make an estimate on the useful economic life over which to depreciate these assets. The carrying amount is shown in the tangible fixed assets note below.

Work in Progress

In determining the valuation of Work in Progress at the period end, the directors were required to make a judgement on the costs to complete. The method of estimation is reviewed on an ongoing basis however actual results may differ from these estimations. The carrying value of Work in Progress at the period end was £136,442.

Dilapidation Provisions

In terms of making a provision for dilapidations, the directors are required to make an assessment of the costs to rectify any dilapidations. In making this assessment, they have used guidance from external sources in terms of cost per square foot. The details of the provision are included in note 19.

3 Turnover and other revenue

	2023	2022
	£	£
Turnover analysed by class of business		
Factory Revenue	1,942,597	2,160,535
Software Revenue	7,210	-
	<u>1,949,807</u>	<u>2,160,535</u>

CloudNC Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

3 Turnover and other revenue (Continued)

	2023	2022
	£	£
Other significant revenue		
Interest income	793,690	342,737
Grants received	648,546	23,499
RDEC Income	329,316	-
	<u> </u>	<u> </u>

All turnover relates to the sales of goods and services in the United Kingdom.

4 Operating loss

	2023	2022
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange gains	(7,241)	(154,216)
Research and development costs	4,593,553	4,242,642
Government grants	(648,546)	(23,499)
Fees payable to the company's auditor for the audit of the company's financial statements	25,250	23,550
Depreciation of owned tangible fixed assets	631,747	415,539
Loss on disposal of tangible fixed assets	3,709	3,212
Amortisation of intangible assets	14,216	23,780
Cost of stock recognised as an expense	105,341	20,356
Share-based payments	386,421	1,554,946
Operating lease charges	1,050,664	1,011,151
	<u> </u>	<u> </u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £7,241 (2022 - £154,216).

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023	2022
	Number	Number
	126	85
	<u> </u>	<u> </u>

CloudNC Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

5 Employees (Continued)

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	9,744,436	8,653,697
Social security costs	1,105,978	897,739
Pension costs	829,873	400,265
	<u>11,680,287</u>	<u>9,951,701</u>

6 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	312,967	357,304
Company pension contributions to defined contribution schemes	5,250	2,538
	<u>318,217</u>	<u>359,842</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2022 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2023	2022
	£	£
Remuneration for qualifying services	166,250	192,500
Company pension contributions to defined contribution schemes	5,250	2,538
	<u>171,500</u>	<u>195,038</u>

7 Interest receivable and similar income

	2023	2022
	£	£
Interest income		
Interest on bank deposits	793,690	342,737
	<u>793,690</u>	<u>342,737</u>

CloudNC Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

8 Interest payable and similar expenses

	2023	2022
	£	£
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	13,097	1,122,110
Other finance costs:		
Interest on finance leases and hire purchase contracts	125,785	61,525
	<u>138,882</u>	<u>1,183,635</u>

9 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	77,457	-
Credit for R&D claim	(993,849)	(1,650,842)
Total UK current tax	<u>(916,392)</u>	<u>(1,650,842)</u>
Foreign current tax on profits for the current period	-	89,940
Total current tax	<u>(916,392)</u>	<u>(1,560,902)</u>

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	£	£
Loss before taxation	<u>(15,973,996)</u>	<u>(16,365,904)</u>
<i>Expected tax credit based on the standard rate of corporation tax in the UK of 25.00% (2022: 19.00%)</i>	(3,993,499)	(3,109,522)
Tax effect of expenses that are not deductible in determining taxable profit	89,315	630,555
Tax effect of utilisation of tax losses not previously recognised	139,508	2,167,864
Unutilised tax losses carried forward	4,424,531	1,751,065
Permanent capital allowances in excess of depreciation	(238,626)	(71,636)
Research and development tax credit	(1,245,708)	(2,876,155)
Other permanent differences	7,274	(9,457)
Tax relief on share options	(100,113)	(134,166)
Effect of overseas tax rates	-	89,940
Loss on disposal of fixed asset	926	610
Taxation credit for the year	<u>(916,392)</u>	<u>(1,560,902)</u>

CloudNC Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

10 Intangible fixed assets

	Software
	£
Cost	
At 1 January 2023	76,948
Additions	12,633
	<u>89,581</u>
At 31 December 2023	89,581
Amortisation and impairment	
At 1 January 2023	53,443
Amortisation charged for the year	14,216
	<u>67,659</u>
At 31 December 2023	67,659
Carrying amount	
At 31 December 2023	<u>21,922</u>
At 31 December 2022	<u>23,504</u>

11 Tangible fixed assets

	Leasehold	Plant and	Leased	Total
	improvements	equipment	Equipment	
	£	£	£	£
Cost				
At 1 January 2023	421,616	1,415,223	847,681	2,684,520
Additions	457,715	676,313	942,042	2,076,070
Disposals	-	(17,768)	-	(17,768)
	<u>879,331</u>	<u>2,073,768</u>	<u>1,789,723</u>	<u>4,742,822</u>
At 31 December 2023	879,331	2,073,768	1,789,723	4,742,822
Depreciation and impairment				
At 1 January 2023	309,739	737,289	595,900	1,642,928
Depreciation charged in the year	57,222	377,741	196,784	631,747
Eliminated in respect of disposals	-	(1,934)	-	(1,934)
	<u>366,961</u>	<u>1,113,096</u>	<u>792,684</u>	<u>2,272,741</u>
At 31 December 2023	366,961	1,113,096	792,684	2,272,741
Carrying amount				
At 31 December 2023	<u>512,370</u>	<u>960,672</u>	<u>997,039</u>	<u>2,470,081</u>
At 31 December 2022	<u>111,877</u>	<u>677,935</u>	<u>251,781</u>	<u>1,041,593</u>

CloudNC Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

12 Stock

	2023	2022
	£	£
Raw materials and consumables	179,813	54,216
Work in progress	136,442	241,783
	<u>316,255</u>	<u>295,999</u>

13 Debtors

	2023	2022
	£	£
Amounts falling due within one year:		
Trade debtors	234,321	446,813
Corporation tax recoverable	1,245,708	1,650,741
Other debtors	300,203	145,805
Prepayments and accrued income	620,815	534,114
	<u>2,401,047</u>	<u>2,777,473</u>

	2023	2022
	£	£
Amounts falling due after more than one year:		
Other debtors	169,856	312,080
	<u>169,856</u>	<u>312,080</u>
Total debtors	<u>2,570,903</u>	<u>3,089,553</u>

14 Current asset investments

	2023	2022
	£	£
Short term deposits	-	15,079,988
	<u>-</u>	<u>15,079,988</u>

CloudNC Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

15 Creditors: amounts falling due within one year

	Notes	2023 £	2022 £
Hire Purchase Contracts	18	233,218	118,404
Other borrowings	16	-	473,377
Trade creditors		1,146,015	1,092,162
Deferred income		22,259	51,056
Other creditors		1,254,140	1,147,815
Accruals and deferred income		285,736	217,631
		<u>2,941,368</u>	<u>3,100,445</u>

16 Loans and overdrafts

	2023 £	2022 £
Other loans	-	473,377
	<u>-</u>	<u>473,377</u>
Payable within one year	-	473,377
	<u>-</u>	<u>473,377</u>

The loan was secured on the assets of the company.

The final loan repayment was made in May 2023. The loan carried an interest rate of 11%.

17 Creditors: amounts falling due after more than one year

	2023 £	2022 £
Finance lease obligations	990,148	455,329
	<u>990,148</u>	<u>455,329</u>

There is a fixed and floating charge over the patents, all of the property and undertakings of the company.

18 Finance lease obligations

	2023 £	2022 £
Future minimum lease payments due under finance leases:		
Within one year	233,218	293,219
In two to five years	939,847	547,948
In over five years	50,301	-
	<u>1,223,366</u>	<u>841,167</u>

CloudNC Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

18 Finance lease obligations (Continued)

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 2.6 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Provisions for liabilities

	2023	2022
	£	£
Dilapidations Provision	170,338	145,476
	<u> </u>	<u> </u>
Movements on provisions:		
		£
At 1 January 2023		145,476
Additional provisions in the year		24,862
		<u> </u>
At 31 December 2023		170,338
		<u> </u>

20 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	829,873	400,265
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	2023 Number	2022 Number	2023 £	2022 £
Outstanding at 1 January 2023	2,654,167	2,397,083	0.01	0.01
Granted	488,440	1,123,728	0.01	0.01
Exercised	(298,844)	(526,969)	0.01	-
Expired	(266,628)	(339,675)	0.01	0.01
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Outstanding at 31 December 2023	2,577,135	2,654,167	0.01	0.01
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Exercisable at 31 December 2023	1,512,954	1,064,824	0.01	0.01
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CloudNC Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

21 Share-based payment transactions

(Continued)

The options outstanding at 31 December 2023 had a remaining contractual life of 1-4 years.

Liabilities and expenses

During the year, the company recognised total share-based payment expenses of £366,421 (2022 - £1,554,946) which related to equity settled share based payment transactions.

22 Share capital

	2023	2022
	£	£
Ordinary share capital		
Issued and fully paid		
11,703,203 (2022: 11,265,850) Ordinary shares of £0.00001p each	117	113
800,000 (2022: 800,000) A Ordinary shares of £0.00001p each	8	8
3,025,102 (2022: 3,025,102) Seed shares of £0.00001p each	30	30
	<u>155</u>	<u>151</u>
	<u><u>155</u></u>	<u><u>151</u></u>
Preference share capital		
Issued and fully paid		
5,690,836 (2022: 5,690,836) Preferred shares of £0.00001p each	57	57
7,175,947 (2022: 7,175,947) A-1 Ordinary (preferred) shares of £0.00001p each	72	72
1,259,449 (2022: 1,259,449) A-2 Ordinary (preferred) shares of £0.00001p each	13	13
1,825,134 (2021: 1,825,134) A-3 Ordinary (preferred) shares of £0.00001p each	18	18
812,941 (2022: 812,941) A-4 Ordinary (preferred) shares of £0.00001p each	8	8
2,799,182 (2022: 2,799,182) A-5 Ordinary (preferred) shares of £0.00001p each	28	28
	<u>196</u>	<u>196</u>
	<u><u>196</u></u>	<u><u>196</u></u>

All share classes in issue carry no right to fixed income and full voting rights. The preferred shares carry no right of redemption and also carry antidilution rights and liquidation preferences.

CloudNC Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

22 Share capital (Continued)

Reconciliation of movements during the year:

	Ordinary Number of shares	Seed Number of shares	Preference Number of shares
At 1 January 2023	12,065,850	3,025,102	19,563,489
Issue of fully paid shares	437,353	-	-
At 31 December 2023	<u>12,503,203</u>	<u>3,025,102</u>	<u>19,563,489</u>

During the period, the company issued 437,353 shares at an aggregate nominal value of £4. The total consideration received by the company for these shares was £810,548.

23 Financial commitments, guarantees and contingent liabilities

The company has contingent liabilities of £138,835 (2022: £138,835) as a condition of deferrals of some of the capital repayments on a loan included within other creditors. The fee is payable on an Exit event as defined in the original instrument and has been recognised as a contingent liability as the likelihood of a Exit event has been deemed as higher than remote but less than probable.

24 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2023 £	2022 £
Within one year	1,105,069	896,851
Between two and five years	4,363,974	2,489,218
In over five years	164,402	1,627,785
	<u>5,633,445</u>	<u>5,013,854</u>

25 Events after the reporting date

Post year end, the company has signed a senior facilities agreement with Santander giving it access to further funding. The first tranche of funding for £4.85m was received by the company in July 2024. Any further funding relies on certain covenants being met by the company.

CloudNC Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2023	2022
	£	£
Aggregate compensation	837,283	915,124

Other information

Included within other debtors is £Nil owed to the company by director C Emery (2022: £12,750), and £Nil owed to the company by director T Saville (2021: £12,937). Both amounts are interest free and repayable on demand.

27 Cash absorbed by operations

	2023	2022
	£	£
Loss for the year after tax	(15,057,604)	(14,805,002)
Adjustments for:		
Taxation credited	(1,245,707)	(1,560,902)
Finance costs	138,882	1,183,635
Investment income	(793,690)	(342,737)
Loss on disposal of tangible fixed assets	3,709	3,212
Amortisation and impairment of intangible assets	14,216	23,780
Depreciation and impairment of tangible fixed assets	631,747	415,539
Equity settled share based payment expense	366,421	1,554,946
Increase/(decrease) in provisions	24,862	(30,579)
Movements in working capital:		
(Increase)/decrease in stock	(20,256)	32,986
Decrease in debtors	113,617	250,927
Increase in creditors	228,283	114,061
(Decrease)/increase in deferred income	(28,797)	51,056
Cash absorbed by operations	(15,624,317)	(13,109,078)

CloudNC Limited

Notes to the Financial Statements (Continued)

For the year ended 31 December 2023

28 Analysis of changes in net funds

	1 January 2023	Cash flows	New finance leases	31 December 2023
	£	£	£	£
Cash at bank and in hand	10,261,083	671,445	-	10,932,528
Borrowings excluding overdrafts	(473,377)	473,377	-	-
Obligations under finance leases	(573,733)	233,420	(883,053)	(1,223,366)
	<u>9,213,973</u>	<u>1,378,242</u>	<u>(883,053)</u>	<u>9,709,162</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.