Registered number: 08358482

TESSIAN LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2023

TESSIAN LIMITED

COMPANY INFORMATION

Directors	E Bishop A F Brasoveanu S Chandratillake M Miller J Montgomery T R Sadler R Sayar
Registered number	08358482
Registered office	4th & 5th Floor 15 Worship Street London England EC2A 2DT
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors 1 Embankment Place London WC2N 6RH

TESSIAN LIMITED

CONTENTS

TESSIAN LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023

Strategic report

The Directors present the Group Strategic report and the financial statements for Tessian Limited ("the Company") and its subsidiary (together "the Group") for the year ended 31 March 2023 ("FY 2023").

Principal activities and review of the business

The Tessian Cloud Email Security platform helps enterprises defend against email attacks, protect against data loss and respond to security incidents more efficiently. By combining artificial intelligence with an understanding of employee email behaviour, Tessian is able to prevent complex email attacks and data loss incidents that evade Secure Email Gateways and the built in security controls of M365 and Google Workspace. Tessian can be seamlessly integrated on top of existing email security tools or replace legacy technology to simplify the email security stack.

Some of the world's largest banks, healthcare organisations, hedge funds and law firms all use Tessian to secure their email environments, data and people whilst saving their security team time. In FY23 alone, Tessian prevented hundreds of thousands of business email compromise attacks, data loss incidents and saved hundreds of hours of work for security teams.

Tessian is headquartered in London and Boston with 200+ employees globally and has raised over $120m in venture capital funding from world leading investors like Sequoia, Accel, Balderton, March, Citi and Okta. Tessian was recognized as one of Fast Company's Most Innovative Companies for 2022. More information can be found at www.tessian.com.

During FY 2023, Tessian increased revenue by 38% to £27.6m (FY 2022: £20.0m), and reported a loss of £33.4m (FY 2022: loss of £24.3m) in the same period. This is in line with expectations for a fast growing venture backed technology company. Cash balance was £50.2m as at 31 March 2023.

In FY 2023, Tessian retained its SOC 2 Type II compliance certification and ISO 27001 certification. The Group, and Tessian's Cloud Email Security platform was also recognised for excellence and achievement through major publications.

These include:
- Forrester Enterprise Email Security Landscape Q1 2023
- Gartner Market Guide for Email Security Feb 2023

Tessian is led by six company values that guide day to day decision making and are a true reflection of how the company operates. They're actionable, intuitive, and central to everything Tessian does, from recruitment, through to performance, development, and how Tessian interacts with its stakeholders.

Tessian's Six Guiding Values are:
- Human first.
- Customer centricity.
- Positive mindset. Solution orientated.
- Grit & perseverance.
- We do the right thing.
- Craft at speed.

Principal risks and uncertainties

Tessian faces challenges similar to other fast-growing early-stage SaaS technology companies:
- continuing a fast-paced go to market motion;
- scaling product delivery to meet customer demand and maintain customer centricity;
- recruitment and retention of talented employees; and
- competition threat as Tessian broadens its services into new fields.

Financial risk management policies and objectives

Tessian manages its key financial risks as follows:

Credit risk: The principal credit risk relates to trade receivables. Through the Customer centricity value, the Group maintains active relationships with clients and the Group seeks to deal with trading entities where the risk of default is considered low.

Liquidity risk: The Group manages cash flow risk by maintaining and reviewing cash flow forecasts on a regular basis and ensuring there is sufficient investment to meet foreseeable needs.

Currency risk: The Group predominantly operates in GBP and USD, the Group holds both currencies in line with forecast spend and continuously monitors & rebalances its cash currency split to ensure cash holdings match forecast currency.

Employee engagement

The Group regularly engages with the employee base through a number of mechanisms, including a frequent employee survey and feedback which is considered regularly at the manager, Executive and Board level.

Approved by the board of directors and signed on behalf of the board.

DocuSigned by:
Tim Sadler
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T R Sadler
Director

Date: 29 June 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the audited financial statements for the year ended 31 March 2023.

Results for the year and dividends

The loss for the year, after taxation, amounted to £33,428,223 (2022: loss £24,328,420).

The Directors do not recommend the payment of a dividend (2022: £nil).

Directors

The directors who served during the year were:

E Bishop
A F Brasoveanu
S Chandratillake
M Miller
J Montgomery
T R Sadler
R Sayar

Subsequent events and future developments

There are no items to disclose post financial year end.

Going Concern

During FY 2023, the Group reported a loss of £33.4m (FY 2022: loss of £24.3m) and as at 31 March 2023 had net current assets of £36.6m including cash of £50.2m. The loss reflects investments in research & development, sales, and marketing in order to develop existing products, grow our customer base, delivering increasing levels of value to our customers and increased management incentives in the form of share options.

The Group is confident there are sufficient cash reserves to trade for more than 12 months from the date of approval of the financial statements. The Group has considered a severe but plausible downside scenario with decreasing sales and higher than targeted expenditure, which still showed a going concern status. The metric Free Cash Flow has been a used in forecasting and in considering the going concern basis.

For this reason the Directors are confident that the Group can continue in operational existence for the foreseeable future being a period of at least 12 months from the signing of these financial statements and as a result have prepared the accounts on a going concern basis.

Research and Development

The Group's research and development team is predominantly based in the UK and are primarily focused on developing Tessian's core products.

We have submitted an R&D tax credit claim for this financial year, as per previous years.

Disclosure of information to auditors

This report was approved by the board and signed on its behalf.

DocuSigned by:
Tim Sadler
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T R Sadler
Director
Date: 29 June 2023

TESSIAN LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

The directors are responsible for preparing the Annual 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 audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the and of the profit or loss of the for that period.

Under company law, 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 group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 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 group and 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. The directors also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Tessian Limited

Report on the audit of the financial statements

Opinion

In our opinion, Tessian Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2023 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company balance sheets as at 31 March 2023; the Consolidated profit and loss account, the Consolidated statement of comprehensive income, the Consolidated and Company statements of changes in equity, and the Consolidated statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Data Protection Act 2018 and UK tax and employment regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent financial reporting, specifically the posting on inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- enquiries with management and the in-house legal counsel around any actual and potential litigation and claims, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- addressing the risk of management override of internal controls, including testing of journal entries (in particular journal entries posted with an unusual account combination);
- evaluating and, where appropriate, challenging assumptions and judgements made by management in determining significant accounting estimates; and
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Jonathan Ford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29-06-2023

TESSIAN LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Turnover	3	27,576,444	20,030,628
Cost of sales		(7,268,924)	(5,659,634)
Gross profit		20,307,520	14,370,994
Administrative expenses		(56,701,375)	(39,723,335)
Exceptional administrative expenses		-	(84,227)
Fair value movements		-	(158,749)
Operating loss	4	(36,393,855)	(25,595,317)
Interest receivable and similar income	8	683,861	3,802
Interest payable and similar expenses	9	(124,311)	(126)
Loss before tax		(35,834,305)	(25,591,641)
Tax credit	10	2,406,082	1,263,221
Loss for the financial year		(33,428,223)	(24,328,420)
Loss for the year attributable to:			
Owners of the parent		(33,428,223)	(24,328,420)
		(33,428,223)	(24,328,420)

The notes on pages 16 to 37 form part of these financial statements.

TESSIAN LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Loss for the financial year	(33,428,223)	(24,328,420)
Other comprehensive expense		
Foreign exchange	(618,460)	(679,691)
Other comprehensive expense for the year	(618,460)	(679,691)
Total comprehensive expense for the year	(34,046,683)	(25,008,111)
(Loss) for the year attributable to:		
Owners of the parent company	(33,428,223)	(24,328,420)
	(33,428,223)	(24,328,420)
Total comprehensive expense attributable to:		
Owners of the parent company	(34,046,683)	(25,008,111)
	(34,046,683)	(25,008,111)

The notes on pages 16 to 37 form part of these financial statements.

TESSIAN LIMITED
REGISTERED NUMBER: 08358482

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023

	Note		2023 £		2022 £
Fixed assets					
Tangible assets	11		398,832		592,112
Current assets					
Debtors	13	10,161,970		8,625,104	
Cash at bank and in hand	14	50,231,256		52,549,132	
		60,393,226		61,174,236	
Creditors: amounts falling due within one year	15	(23,838,447)		(18,992,518)	
Net current assets			36,554,779		42,181,718
Total assets less current liabilities			36,953,611		42,773,830
Creditors: amounts falling due after more than one year	16		(19,351,951)		-
Provisions for liabilities					
Deferred taxation	17	(79,193)		(113,084)	
Other provisions	18	-		(9,567)	
Net assets			17,522,467		42,651,179
Capital and reserves					
Called up share capital	19		3,103		3,079
Share premium account	20		95,169,414		94,780,510
Share based payment reserve	20		15,480,048		6,951,005
Foreign exchange reserve	20		(888,812)		(270,352)
Profit and loss account	20		(92,241,286)		(58,813,063)
Total Shareholders' Funds			17,522,467		42,651,179

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

DocuSigned by:
Tim Sadler
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T R Sadler
Director

Date: 29 June 2023

The notes on pages 16 to 37 form part of these financial statements.

TESSIAN LIMITED
REGISTERED NUMBER: 08358482

COMPANY BALANCE SHEET
AS AT 31 MARCH 2023

	Note		2023 £		2022 £
Fixed assets					
Tangible assets	11		316,621		461,155
Investments	12		6,483,039		3,161,716
			6,799,660		3,622,871
Current assets					
Debtors	13	38,067,221		21,538,162	
Cash at bank and in hand	14	29,085,991		51,745,606	
		67,153,212		73,283,768	
Creditors: amounts falling due within one year	15	(17,738,333)		(14,170,222)	
Net current assets			49,414,879		59,113,546
Total assets less current liabilities			56,214,539		62,736,417
Provisions for liabilities					
Deferred taxation	17	(79,193)		(113,084)	
Other provision		-		(9,567)	
			(79,193)		(122,651)
Net assets			56,135,346		62,613,766
Capital and reserves					
Called up share capital	19		3,103		3,079
Share premium account	20		95,169,414		94,780,510
Share based payment reserve	20		15,487,631		6,958,581
Profit and loss account			(54,524,802)		(39,128,404)
Total Shareholders' Funds			56,135,346		62,613,766

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

DocuSigned by:
Tim Sadler

T R Sadler
Director

Date: 29 June 2023

The notes on pages 16 to 37 form part of these financial statements.

TESSIAN LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital	Share premium account	Share based payment reserve	Foreign exchange reserve	Shares to be issued	Profit and loss account	Total equity
	£	£	£	£	£	£	£
At 1 April 2021	2,444	36,968,290	547,070	409,339	65,166	(34,484,643)	3,507,666
Comprehensive expense for the year							
Loss for the year	-	-	-	-	-	(24,328,420)	(24,328,420)
Foreign exchange	-	-	-	(679,691)	-	-	(679,691)
Shares to be issued	-	-	-	-	(65,166)	-	(65,166)
Shares issued during the year	635	57,812,220	-	-	-	-	57,812,855
Share based payment movement	-	-	6,403,935	-	-	-	6,403,935
At 1 April 2022	3,079	94,780,510	6,951,005	(270,352)	-	(58,813,063)	42,651,179
Comprehensive expense for the year							
Loss for the year	-	-	-	-	-	(33,428,223)	(33,428,223)
Foreign exchange	-	-	-	(618,460)	-	-	(618,460)
Shares issued during the year	24	388,904	-	-	-	-	388,928
Share based payment movement	-	-	8,529,043	-	-	-	8,529,043
At 31 March 2023	3,103	95,169,414	15,480,048	(888,812)	-	(92,241,286)	17,522,467

The notes on pages 16 to 37 form part of these financial statements.

TESSIAN LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital	Share premium account	Share based payment reserve	Shares to be issued	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 April 2021	2,444	36,968,290	564,299	65,166	(28,091,603)	9,508,596
Comprehensive expense for the year						
Loss for the year	-	-	-	-	(11,036,801)	(11,036,801)
Shares to be issued	-	-	-	(65,166)	-	(65,166)
Shares issued during the year	635	57,812,220	-	-	-	57,812,855
Share based payment movement	-	-	6,394,282	-	-	6,394,282
At 1 April 2022	3,079	94,780,510	6,958,581	-	(39,128,404)	62,613,766
Comprehensive expense for the year						
Loss for the year	-	-	-	-	(15,396,398)	(15,396,398)
Shares issued during the year	24	388,904	-	-	-	388,928
Share based payment movement	-	-	8,529,050	-	-	8,529,050
At 31 March 2023	3,103	95,169,414	15,487,631	-	(54,524,802)	56,135,346

The notes on pages 16 to 37 form part of these financial statements.

TESSIAN LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Cash flows from operating activities		
Loss for the financial year	(33,428,223)	(24,328,420)
Adjustments for:		
Depreciation of tangible assets	313,606	234,360
Loss on disposal of tangible assets	82,679	84,227
Interest paid	124,311	126
Interest received	(683,861)	(3,802)
Taxation credit	(2,406,082)	(1,263,221)
(Increase) in debtors	(703,451)	(2,673,428)
Increase in creditors	4,836,781	7,979,420
(Decrease) in provisions	(9,567)	(46,405)
Net fair value losses/(gains) recognised in P&L	-	(158,739)
Foreign exchange	(618,460)	(679,691)
R&D tax credit received	1,538,984	1,397,121
Movement in share based payments reserve	8,529,044	6,403,935
Net cash used in operating activities	(22,424,239)	(13,054,517)
Cash flows from investing activities		
Purchase of tangible fixed assets	(196,674)	(497,474)
Sale of tangible fixed assets	2,608	-
Interest received	683,861	3,802
Net cash used in investing activities	489,795	(493,672)
Cash flows from financing activities		
Issue of ordinary shares	388,928	57,747,689
Proceeds from borrowings	19,351,951	-
Interest paid	(124,311)	(126)
Convertible loan notes (redeemed)	-	(14,236,911)
Net cash generated from financing activities	19,616,568	43,510,652
Net (decrease)/increase in cash and cash equivalents	(2,317,876)	29,962,463
Cash and cash equivalents at beginning of year	52,549,132	22,586,669
Cash and cash equivalents at the end of year	50,231,256	52,549,132
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	50,231,256	52,549,132
	50,231,256	52,549,132

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. Accounting policies

1.1 Basis of preparation of financial statements

Tessian Limited is a private company, limited by shares, domiciled and incorporated in the England and Wales (Registered number: 08358482). The registered office address is 4th & 5th Floor 15 Worship Street, London, United Kingdom, EC2A 2DT.

The financial statements are prepared in Sterling (£) and are for the year ended 31 March 2023 (FY2022: year ended 31 March 2022).

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 group management to exercise judgment in applying the group's accounting policies (see note 2).

The following principal accounting policies have been applied consistently, other than where new policies have been adopted:

1.2 Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the company and the parent company would be identical;
- No statement of cash flows has been presented for the parent company;
- No statement of comprehensive income has been presented for the parent company;
- No statement of profit or loss has been presented for the parent company;
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole; and
- Reduced disclosures for share-based payments (as equivalent disclosures have been given in the consolidated financial statements presented alongside the Parent Company's own financial statements).

1.3 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

1. Accounting policies (continued)

1.4 Going concern

During FY 2023, the Group reported a loss of £33.4m (FY 2022: loss of £24.3m) and as at 31 March 2023 had net current assets of £36.6m including cash of £50.2m. The loss reflects investments in research & development, sales, and marketing in order to develop existing products, grow our customer base, delivering increasing levels of value to our customers and increased management incentives in the form of share options.

The Group is confident there are sufficient cash reserves to trade for more than 12 months from the date of approval of the financial statements. The Group has considered a severe but plausible downside scenario with decreasing sales and higher than targeted expenditure, which still showed a going concern status. The metric Free Cash Flow has been a used in forecasting and in considering the going concern basis.

For this reason the Directors are confident that the Group can continue in operational existence for the foreseeable future being a period of at least 12 months from the signing of these financial statements and as a result have prepared the accounts on a going concern basis.

1.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

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 the Consolidated statement of comprehensive income within 'administrative expenses'.

Foreign exchange gains and losses are presented within 'administrative expenses'. Those that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

1. Accounting policies (continued)

1.6 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Rendering of services

Turnover 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 turnover can be measured reliably;
- it is probable that the group 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.

Once the above has been satisfied, revenue is recognised evenly over the life of the signed contract. Income is deferred and accrued in line with the FRS 102 framework.

1.7 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the leasee. All other leases are classified as operating leases. At the balance sheet date all leases are clasiified as operating leases.

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straightline basis over the lease term.

1.8 Research and development

Research and development expenditure is expensed in the year in which it is incurrerd.

1.9 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

1.10 Interest income

Interest income is recognised in profit or loss using the effective interest method.

1. Accounting policies (continued)

1.11 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.

1.12 Tangible 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:

Office equipment	- 4 years
Computer equipment	- 3 years

During the year, the estimated useful life of Computer Equipment was reviewed, and was adjusted from 4 years to 3 years, to better reflect actual useful life time of the components in the Fixed Asset Register.

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.

1.13 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1. Accounting policies (continued)

1.14 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group 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 group in independently administered funds.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

1. Accounting policies (continued)

1.15 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

1.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

1.17 Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the group's cash management.

Financial liabilities and equity instruments issued by the group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs.

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments as per the above.

1. Accounting policies (continued)

1.18 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

1.19 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 and the group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements to conform to generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reapportioned amounts of revenues and expenses during the reporting period.

Key judgments

Bad debt provisions

The trade debtors balance of 5,189,371 (2022: £4,499,531) recorded in the group's Consolidated balance sheet comprise a number of small balances. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectable.

Financial instruments classification

The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

Research & development tax credit claim

The group recognises an asset in relation to its research & development tax credit claim to HMRC for 2022/23. The amount recognised as a debtor is the best estimate of the consideration expected to be received at the end of the reporting period based on successful historical R&D claims and qualifying expenditure.

A debtor of £2,151,078 (2022: £1,397,120) is recorded in both the Consolidated balance sheet and Company balance sheet.

Key sources of estimation uncertainty

Share based payments

Estimates have been made to value the equity settled share based payments recognised through the issuance of share options during the period. The key assumptions used centre on the share price volatility associated with the company's share price.

3. Turnover

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

	2023 £	2022 £
Provision of cybersecurity software	27,576,444	20,030,628

Analysis of turnover by country of destination:

	2023 £	2022 £
United Kingdom	12,339,929	9,393,909
Rest of Europe	2,423,620	1,618,439
Rest of the world	12,812,895	9,018,280
	27,576,444	20,030,628

4. Operating loss

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

	2023 £	2022 £
Foreign exchange differences	(3,098,413)	2,688,240
Operating lease rentals	901,224	430,054
Bad debt (income)/expense	-	(32,623)
Share based payment (note 22)	8,529,044	6,394,309
Depreciation of tangible assets	318,807	234,370
Loss on disposal of tangible assets	82,679	84,227

5. Auditors' remuneration

During the year, the group obtained the following services from the company's auditors:

	2023 £	2022 £
Fees payable to the company's auditors for the audit of the consolidated and parent company's financial statements	100,000	80,000

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	27,917,611	21,179,723	15,603,119	12,260,740
Social security costs	3,469,141	1,083,159	2,039,478	496,044
Share based payment charge	8,529,043	6,394,309	5,207,728	3,450,217
Other pension costs	1,757,761	1,660,382	1,470,053	1,484,105
	41,673,556	30,317,573	24,320,378	17,691,106

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

	Group 2023 No.	Group 2022 No.	Company 2023 No.	Company 2022 No.
Research and development	90	67	84	67
Sales and marketing	94	89	44	43
Technical support	8	19	5	15
General and administrative	30	32	17	21
	222	207	150	146

7. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	547,465	482,734
Group contributions to defined contribution pension schemes	32,731	40,735
	580,196	523,469

During the year retirement benefits were accruing to 2 directors (2022: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £301,715 (2022: £268,999).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £17,732 (2022: £30,155).

The total accrued pension provision of the highest paid director at 31 March 2023 amounted to £1,269 (2022: £Nil).

8. Interest receivable and similar income

	2023 £	2022 £
Interest receivable from group companies	683,861	3,802

9. Interest payable and similar expenses

	2023 £	2022 £
Other interest payable	124,311	126

10. Taxation

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	(2,151,078)	(1,317,871)
Adjustments in respect of previous periods	(221,321)	-
	(2,372,399)	(1,317,871)
Foreign tax		
Foreign tax on income for the year	208	-
	208	-
Total current tax	(2,372,191)	(1,317,871)
Deferred tax		
Origination and reversal of timing differences	(33,891)	33,352
Changes to tax rates	-	19,135
Effect of tax rate change on opening balance	-	2,163
Total deferred tax	(33,891)	54,650
Taxation on loss on ordinary activities	(2,406,082)	(1,263,221)

10. 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 £
Loss on ordinary activities before tax	(35,834,305)	(25,591,641)
Loss on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	(6,808,518)	(4,862,412)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	116,277	18,881
Other permanent differences	(60,010)	(84,568)
Additional deduction for R&D expenditure	(1,592,873)	(976,054)
Surrender of tax losses for R&D tax credit refund	667,460	408,994
Adjustments to tax charge in respect of prior periods	(221,321)	2,163
Adjust opening deferred tax to average rate of 19.00%	(353,868)	(1,624,361)
Deferred tax not recognised	6,498,649	5,357,493
Fixed asset differences	(8,151)	(20,146)
Current tax - other	-	(698,130)
Non-deductable share based payment charge	989,468	1,214,919
Difference in tax rate	(1,633,195)	-
Total tax credit for the year	(2,406,082)	(1,263,221)

Factors that may affect future tax charges

The company has unutilised tax losses of £32,109,011 (2022: £27,525,020) against which a deferred tax asset of £8,155,905 (2022: £6,881,255) has not been recognised.

On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023. This was substantively enacted on 24 May 2021. 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, based on tax law and the corporation tax rates that have been enacted, or substantively enacted, at 31 December 2021. As such, the deferred tax rate applicable at 31 March 2023 is 25% and deferred tax rate has been re-measured at this rate.

11. Tangible fixed assets

Group

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 April 2022	219,134	734,512	953,646
Additions	-	196,674	196,674
Disposals	(92,683)	(156,353)	(249,036)
Exchange adjustments	1,267	8,484	9,751
At 31 March 2023	127,718	783,317	911,035
Depreciation			
At 1 April 2022	152,896	208,638	361,534
Charge for the year on owned assets	37,596	281,211	318,807
Disposals	(89,419)	(74,329)	(163,748)
Exchange adjustments	396	(4,786)	(4,390)
At 31 March 2023	101,469	410,734	512,203
Net book value			
At 31 March 2023	26,249	372,583	398,832
At 31 March 2022	66,238	525,874	592,112

11. Tangible fixed assets (continued)

Company

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 April 2022	198,579	596,868	795,447
Additions	-	172,642	172,642
Disposals	(84,820)	(136,072)	(220,892)
At 31 March 2023	113,759	633,438	747,197
Depreciation			
At 1 April 2022	146,476	187,816	334,292
Charge for the year on owned assets	32,796	221,112	253,908
Disposals	(83,295)	(74,329)	(157,624)
At 31 March 2023	95,977	334,599	430,576
Net book value			
At 31 March 2023	17,782	298,839	316,621
At 31 March 2022	52,103	409,052	461,155

No impairment provision has been recognised in the year.

12. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost and Net book value	
At 1 April 2022	3,161,716
Additions	3,321,323
At 31 March 2023	6,483,039

The addition in the year is due to the Share based payment charge assiociated with employees of Tessian INC, whom were granted share options in the Tessian Limited.

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Tessian Inc	14 Beacon Street, Boston, MA 02108	Cloud email security platform that intelligently protects organisations against advanced attacks and data loss on email, while coaching people about security threats in-the-moment	Ordinary	100%

The aggregate of the share capital and reserves as at 31 March 2023 and the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

Name	(Loss)
Tessian Inc	(19,709,542)

13. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	5,189,371	4,499,531	4,016,604	2,995,897
Amounts owed by group undertakings	-	-	29,482,526	14,990,659
Other debtors	2,336,069	1,801,456	2,296,669	1,687,687
Prepayments and accrued income	2,636,530	2,324,117	2,271,422	1,863,919
	10,161,970	8,625,104	38,067,221	21,538,162

14. Cash and cash equivalents

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Cash at bank and in hand	50,231,256	52,549,132	29,085,991	51,745,606
	50,231,256	52,549,132	29,085,991	51,745,606

15. Creditors: Amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade creditors	1,756,527	1,991,213	1,548,428	1,737,963
Corporation tax	208	-	-	-
Other taxation and social security	547,517	8,561	547,517	3,508
Other creditors	125,575	319,967	125,575	319,967
Accruals and deferred income	21,408,620	16,672,777	15,516,813	12,108,784
	23,838,447	18,992,518	17,738,333	14,170,222

16. Creditors: Amounts falling due after more than one year

	Group 2023 £	Group 2022 £
Borrowings	19,351,951	-

Included within creditors due after more than one year is a loan for principal amount of $25,000,000. The term of the loan is over 5 years at 8% + SOFR variable interest. The business has applied an effective rate of interest to the loan.

The loan was recognised on 15 March 2023 and associated arrangment fees of $1,014,038 were recognised.

17. Deferred taxation

Group

	2023 £
At beginning of year	(113,084)
Charged to profit or loss	33,891
At end of year	(79,193)

The provision for deferred taxation is made up as follows:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Fixed asset timing differences	(79,193)	(113,084)	(79,193)	(113,084)
	(79,193)	(113,084)	(79,193)	(113,084)

18. Other provisions

Group and Company

	Dilapidations provision
	£
At 1 April 2022	9,567
Unused amounts reversed to the Profit and Loss account	(9,567)
At 31 March 2023	-

Note: This related to prior office, the lease was exited and thus provision removed.

19. Share capital

	2023	2022
	£	£
Allotted, called up and fully paid		
25,095,701 (2022: 22,573,711) Ordinary shares of £0.00004 each	1,004	980
242,875 A ordinary shares of £0.00004 each	10	10
11,657,875 A preferred shares of £0.00004 each	466	466
17,714,450 B preferred shares of £0.00004 each	709	709
8,898,625 Seed Preferred shares of £0.00004 each	356	356
13,962,000 C preferred shares of £0.00004 each	558	558
	3,103	3,079

19. Share capital (continued)

In accordance with the Company's Employee Share Option Plan:

On 12 May 2022 626,733 £0.00004 Ordinary shares were issued for consideration of £111,067. The premium of £111,042 has been credited to the share premium account. The aggregate nominal value for this is £25.

On 26 July 2022 157,464 £0.00004 Ordinary shares were issued for consideration of £52,249. The premium of £52,243 has been credited to the share premium account. The aggregate nominal value for this is £6.

On 27 October 2022 144,225 £0.00004 Ordinary shares were issued for consideration of £54,718. The premium of £54,712 has been credited to the share premium account. The aggregate nominal value for this is £6.

On 31 January 2023 59,670 £0.00004 Ordinary shares were issued for consideration of £16,164. The premium of £16,162 has been credited to the share premium account. The aggregate nominal value for this is £2.

Rights, preferences and restrictions

Seed shares, A Ordinary shares, A Preferred shares, B Preferred shares & C Preferred shares (collectively "Preferred shares") and Ordinary shares confer on each holder the right to receive notice of and to attend, speak and vote at all generate meetings of the Company and to receive and vote on proposed written resolutions of the Company. Preferred shares and Ordinary shares have the right to receive dividends from available profits in the Company which are split pro-rata according to the shareholders' holding.

Deferred shares have no rights or dividend rights attached to them. The articles, provide for deferred shares however there were no deferred shares in issue in this, or prior, financial years.

On liquidation or return of capital any net proceeds shall be distributed in the following order: firstly to Deferred shareholders who between all Deferred shares receive a total of £1.00; secondly to Preferred shareholders until they have received an amount equal to the subscription price plus £250, divided by the total Preferred shares in issuance; and thirdly to Ordinary shares who receive 0.0001% of net proceeds. Any remaining assets thereafter will be distributed as at 0.0001% to the holders of Preferred shares and Ordinary shares.

20. Reserves

Share premium account

The share premium account is used to record the aggregate amount o r value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Capital redemption reserve

This reserve relates to the fair value of the options granted which has been charged to the profit and loss account over the vesting period of the options.

Foreign exchange reserve

The foreign exchange reserve represents the cumulative movements in foreign exchange.

Profit and loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

21. Analysis of net debt

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	52,549,132	(2,317,876)	50,231,256
Borrowings	-	(19,351,951)	(19,351,951)
	52,549,132	(21,669,827)	30,879,305

22. Share based payments reserve

The table below represents the share options in force (whether or not registered with HMRC as at 31 March 2023), that are expected to be exercised. The group granted these to certain employees of the group under an approved EMI option plan registered with HMRC and an ISO scheme with a 409A valuation.

	Weighted average exercise price (pence) 2023	Number 2023	Weighted average exercise price (pence) 2022	Number 2022
Outstanding at the beginning of the year	67.2	7,803,157	68.88	3,665,620
Granted during the year	59.29	7,338,159	61.53	6,630,672
Forfeited during the year	77.31	(2,647,773)	76.30	(579,710)
Exercised during the year	30.39	(606,567)	45.55	(1,913,425)
Outstanding at the end of the year	63.06	11,886,976	67.20	7,803,157

All options granted have performance conditions relating to the relevant employee remaining in the employment of the company at the vesting date. The option vesting period for options granted is 25% vest on the one year anniversary of grant and one forty-eighth (1/48th) vest each month thereafter, on the same day of the month as the vesting commencement date, until the remaining 75% of the option shares have vested. Or the vesting schedule is one thirty sixth (1/36) vest each month from the date of grant, on the same day of the month as the vesting commencement date, until all option shares have vested. If not exercised the share options will lapse 90 days after a sale or exit event, or on the tenth anniversary of the date of the grant. Unvested share options will lapse where an employee leaves the Company subject to the directors' discretion.

The group is unable to directly measure the fair value of employee services received. Instead the fair value of the share options granted during the year is determined using the Black-Scholes model. The model is internationally recognised as being appropriate to value employee share schemes similar to the All-employee and Key-employee schemes.

Share options are exercisable at a price determined through each individual option agreement. Options are exercisable in either the event of a sale or listing of the company or if the employee meets the requirement of a "good leaver". When exercised the share options are settled in equity. If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Vested share options will lapse 60 days after an employee leaves the company and unvested share options will lapse immediately upon leaving employment, subject to the directors' discretion.

Below is the total expense in relation to the equity settled schemes which has been recognised in the statement of profit or loss for the period.

	2023 £	2022 £
Equity-settled schemes	8,529,050	6,394,309

23. Pension commitments

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £1,757,761 (2022: £1,660,382). Contributions totalling £113,641 (2022: £113,045) were payable to the fund at the balance sheet date.

24. Commitments under operating leases

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

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Not later than 1 year	927,454	-	753,000	-
Later than 1 year and not later than 5 years	569,983	-	192,000	-
	1,497,437	-	945,000	-

Two new leases were signed in the year for Offices that are now no longer on a month by month basis, but on a contractual level with the commitments stated

25. Related party transactions

The company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

During the year the company provided services of £56,803 (2022: £25,473) to a company with a common director, of which £60,495 was outstanding at the 31 March 2023 (2022: £Nil)

Key management personnel comprises of the directors. Details of directors' remuneration are given in note 7 of the financial statements.

26. Controlling party

The directors do not consider there to be an ultimate controlling party.