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Registered number: 08927013

CROSSWORD CYBERSECURITY PLC

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2014

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CROSSWORD CYBERSECURITY PLC

COMPANY INFORMATION

DIRECTORS

T Ilube
J Bottomley
Professor D Secher
Dr D Stupples

REGISTERED NUMBER

08927013

REGISTERED OFFICE

One America Square
Crosswall
London
United Kingdom
EC3N 2SG

INDEPENDENT AUDITORS

MHA MacIntyre Hudson
Chartered Accountants & Statutory Auditors
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

CROSSWORD CYBERSECURITY PLC

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The following pages do not form part of the audited financial statements:

Detailed profit and loss account and summaries

CROSSWORD CYBERSECURITY PLC

STRATEGIC REPORT OF THE DIRECTORS

INTRODUCTION

The directors present their strategic report with the audited financial statements of the group for the period ended 31 December 2014.

BUSINESS REVIEW

Crossword Cybersecurity plc is a cyber security focused technology transfer business. We work with universities to identify leading edge research in cyber security and establish intellectual property (IP) and technology transfer deals with the university to commercialise their research. This will typically involve some development work to take their largely theoretical research and produce a practical software solution.

Over the past year Crossword has assembled a strong team consisting of IP transfer and cyber security specialists. We have established a software development subsidiary based in Krakow, Poland. We have analysed the cyber security research currently being done and have identified over 400 cyber security research projects across the UK and parts of Europe, representing over £200m of research grants since 2007. This information has been catalogued and captured in Crossword's searchable research database along with the identity of the team conducting the research, the lead Professors and the institution where the work is being conducted. We therefore have a very clear picture of the type of cyber security research going on across Europe.

As a result, Crossword is now engaged in building two cyber security software products. The first of these, based on several years of research at City University, London, is a cyber-risk assessment software as a service (SaaS) solution that will be launched in the first half of 2015. The second product is commercially confidential at this stage but we believe has global applicability. We have also signed agreements with both University of Bristol and University of Warwick to explore how to commercialise their research into cryptography and blockchain security respectively.

Going forward, Crossword intends to announce its' first two products in 2015. Our plan is to build a portfolio of up to six significant cyber security products over the next couple of years. We have started building a partner programme of third parties who will assist in taking our products to market in 2015 and beyond.

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks to the group are as follows:

- failure to develop an appropriate commercial application for its developing products;
- failure to obtain sufficient financial support to enable such products to be adequately delivered;
- failure to establish commercialisation partnerships with leading research universities
- competition from existing IP transfer businesses seeking to engage in cyber security commercialisation activity
- failure to commercialise the products that it develops.

At present the directors are pleased with progress in both of these areas and consider these risks are sufficiently mitigated.

FINANCIAL AND NON FINANCIAL KEY PERFORMANCE INDICATORS

The directors consider the key financial performance indicator to be cash 'burn rate'. At present they consider that this is within reasonable parameters and will continue to monitor this in the future.

At this stage in its' development, the directors do not consider that there are any relevant non-financial key performance indicators.



T Ilube
Director

2014/15

CROSSWORD CYBERSECURITY PLC

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the period ended 31 December 2014.

PRINCIPAL ACTIVITIES

The group's principal trading activity is the research and development of cyber security products. The company was incorporated on 6 March 2014 and commenced trading on that date.

RESULTS

The statement of comprehensive income is set out on page 5 and shows the loss for the year. The group is in an early stage of development and the directors consider the loss for the year to be satisfactory. The directors do not recommend the payment of a dividend.


DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient
- enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and performance, and
- make an assessment of the group's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


.....
T Ilube
Director

20/4/15

CROSSWORD CYBERSECURITY PLC

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF CROSSWORD CYBERSECURITY PLC

We have audited the financial statements of Crossword Cybersecurity Plc for the period ended 31 December 2014 which comprise the group statement of comprehensive income, the group and company statement of financial position, the group and company statement of changes in equity, the group statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's shareholders, as a body. 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the group and parent company's affairs as at 31 December 2014 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

MHA Macintyre Hudson

Andrew Burnham FCA (Senior statutory auditor)

for and on behalf of

MHA Macintyre Hudson

Chartered Accountants

Statutory Auditors

New Bridge Street House

30-34 New Bridge Street

London

EC4V 6BJ

Date: *21 April 2015*

CROSSWORD CYBERSECURITY PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2014**

	6 Mar to 31 Dec 2014 £
	Note
Cost of sales	(54,142)
GROSS LOSS	<u>(54,142)</u>
Administrative expenses	(184,538)
LOSS BEFORE TAXATION	<u>(238,680)</u>
Tax expense	-
LOSS FOR THE PERIOD	<u>(238,680)</u>
Loss from continuing operations	(238,680)
Other comprehensive income:	
Exchange differences on translating foreign operations	(1,282)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(239,962)</u>

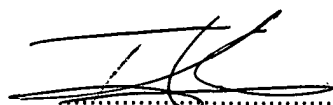
The notes on pages 9 to 17 form part of these financial statements.

CROSSWORD CYBERSECURITY PLC

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Note	Group 31 Dec 2014 £	Company 31 Dec 2014 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	5,486	-
Investments in subsidiaries	5	-	1,017
Total non-current assets		<u>5,486</u>	<u>1,017</u>
CURRENT ASSETS			
Trade and other receivables	6	44,112	65,475
Cash and cash equivalents		445,163	435,609
Total current assets		<u>489,275</u>	<u>501,084</u>
TOTAL ASSETS		<u>494,761</u>	<u>502,101</u>
TOTAL EQUITY AND LIABILITIES			
EQUITY			
Attributable to the owners of Crossword Cybersecurity Plc			
Share capital	8	79,697	79,697
Share premium account	9	620,303	620,303
Retained earnings	9	(238,680)	(238,680)
Translation of foreign operations		(1,282)	-
Total Equity		<u>460,038</u>	<u>461,320</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	34,723	40,781
Total current liabilities		<u>34,723</u>	<u>40,781</u>
TOTAL LIABILITIES		<u>34,723</u>	<u>40,781</u>
TOTAL EQUITY AND LIABILITIES		<u>494,761</u>	<u>502,101</u>

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



T Ilube
Director

Date: 20/1/15

The notes on pages 9 to 17 form part of these financial statements.
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CROSSWORD CYBERSECURITY PLC

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2014**

GROUP	Share Capital £	Share Premium £	Retained Earnings £	Translation of Foreign Operations £	Total £
Total comprehensive loss for the period			(238,680)	(1,282)	(239,962)
Issue of shares	79,697	620,303			700,000
Balance at 31 December 2014	79,697	620,303	(238,680)	(1,282)	460,038

COMPANY	Share Capital £	Share Premium £	Retained Earnings £	Total £
Total comprehensive loss for the period			(238,680)	(238,680)
Issue of shares	79,697	620,303		700,000
Balance at 31 December 2014	79,697	620,303	(238,680)	461,320

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	Description and purpose
Share capital	This represents the nominal value of shares issued.
Share premium	Amount subscribed for share capital in excess of nominal value.
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income.
Translation of foreign operations	Is the difference that arises due to consolidation of foreign subsidiaries using an average rate during the year and a closing rate for the year end statement of financial position.

The notes on pages 9 to 17 form part of these financial statements.

CROSSWORD CYBERSECURITY PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

	Note	Group 6 Mar to 31 Dec 2014 £	Company 6 Mar to 31 Dec 2014 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	(247,966)	(263,374)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(247,966)	(263,374)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets	4	(5,589)	-
Purchase of subsidiary		-	(1,017)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(5,589)	(1,017)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	12	700,000	700,000
NET CASH INFLOW FROM INVESTING ACTIVITIES		700,000	700,000
		446,445	435,609
FOREIGN CURRENCY TRANSLATION DIFFERENCE		(1,282)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		445,163	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		445,163	435,609

The notes on pages 9 to 17 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 The Group and its Operations

These group financial statements have been prepared in accordance with International Financial Reporting Standards for the period ended 31 December 2014 for Crossword Security Plc (referred to as the company).

Crossword Cybersecurity Plc is a company incorporated in England and Wales. The group financial statements consolidate those of the company and its subsidiaries (together referred to as a group). The group's payment policy is to abide by the terms of the suppliers. The trade creditors to purchases ratio expressed in days was 32 days.

1.2 Basis of preparation of financial statements

The principal accounting policies adopted in the preparation of the financial statements are set out below and have been consistently applied to all years presented.

In publishing the parent company financial statements here together with the group financial statements, the company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of these approved financial statements. There was no difference between the company only loss and the group loss for the period.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS. The financial statements have been prepared under the historical cost convention.

At the period end the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

IFRS 9 "*Financial Instruments*"

IFRS 13 "*Regulatory Deferral Accounts*"

IFRS 15 "*Revenue from Contracts with Customers*"

Amendments to IFRS 11 "*Accounting for Acquisitions of Interests in Joint Operations*"

Amendments to IAS 16 & IAS 38 "*Clarification of Acceptable Methods of Depreciation & Amortisation*".

Amendments to IAS 16 and IAS 41 "*Agriculture: Bearer Plants*"

Amendments to IAS 19 "*Defined Benefit Plans: Employee Contributions*"

Amendments to IFRSs "*Annual Improvements to IFRSs 2010-2012 Cycle*"

Amendments to IFRSs "*Annual Improvements to IFRSs 2011-2013 Cycle*"

1.3 Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate as the group and the company have sufficient funds to finance its operations for the next 12 months from approval of these financial statements. They are confident that the group will be able to meet its current liabilities and are satisfied that there is no material uncertainty in relation to the going concern basis of accounting.

1. ACCOUNTING POLICIES (continued)

1.4 Basis of consolidation

Subsidiaries are fully consolidated from the date on which control is transferred to the group. Control exists when then the group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

All intra-group transactions, balances income and expenses are eliminated on consolidation. Uniform accounting policies are applied by the group companies to ensure consistency.

1.5 Functional and presentation currency

The functional and presentation currency of the group is GB pounds (GBP). The functional currency of the company's Polish subsidiary is Polish Zloty (PLN).

1.6 Foreign currency transactions

Transactions in foreign currencies are translated to GBP at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to GBP at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to GBP at the exchange rate at the date that the fair value was determined. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. The exchange differences arising upon consolidation on retranslation from a functional currency other than GBP are recognised as a separate component of equity.

1.7 Property, plant and equipment

Property, plant and equipment is stated at purchase price less accumulated depreciation and impairment losses. The cost includes all expenses directly related with the purchase of a relevant asset.

Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

All other repair and maintenance costs are charged to the income statement for the period during the reporting period in which they are incurred.

1. ACCOUNTING POLICIES (continued)

1.8 Depreciation

Each item of property, plant and equipment is depreciated using the straight-line method over its estimated useful life, and depreciation charge is included in the income statement for the period. The depreciation is charged to the income statement for the period and determined using the straight-line method over the estimated useful life of the item of property, plant and equipment.

The expected useful lives of property, plant and equipment in the reporting and comparative periods are as follows:

	Useful lives in years
Office equipment	3.33

The residual value of an asset is the estimated amount that the group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the group expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

1.9 Impairment

At the end of each reporting period management assesses whether the indicators of impairment of property, plant and equipment exists. The carrying amounts of property, plant and equipment and all other non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable.

For the purpose of impairment testing the recoverable amount is measured by reference to the higher of value in use (being the net present value of expected future cash flows of a relevant cash generating unit) and fair value less costs to sell (the amount obtainable from the sale of an asset or cash generating unit in an arm's length transaction between knowledgeable, willing parties, who are independent from each other, less the costs of disposal). Where there is no binding sale agreement or active market, fair value less costs to sell is based on the best information available to reflect the amount the group could receive for the cash generating unit. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the income statement so as to reduce the carrying amount in the statement of financial position to its recoverable amount. A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally resulted in the impairment. This reversal is recognised in profit or loss for the year and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised in prior years.

1. ACCOUNTING POLICIES (continued)

1.10 Financial instruments

Financial instruments are initially recorded at fair value. Subsequent measurement depends on the designation of the instrument, as follows:-

- Trade and other payables are initially recognised at fair value and subsequently at amortised cost using the effective rate of interest.
- Cash and cash equivalents consist of cash at bank on demand.
- Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.
- Financial assets are assessed for indicators of impairment at each balance sheet 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.
- Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

1.11 Value Added Tax (VAT)

Value added tax related to sales is payable to the tax authorities when goods are shipped or services are rendered. Input VAT can be offset against output VAT upon the receipt of a tax invoice from a supplier. Tax legislation allows the settlement of VAT on a net basis. Accordingly, VAT related to sales and purchases unsettled at the reporting date is stated in the statement of financial position on a net basis.

1.12 Critical accounting estimates and judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Where necessary, the comparatives will be reclassified from the previously reported results to take into account presentational changes.

The group is in the early stages of setup and as such has few transactions. Management consider the most significant accounting estimates to be accrued and prepaid expenses. These estimates are based on the timing of provisions of services.

CROSSWORD CYBERSECURITY PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

2. STAFF COSTS

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

	6 Mar to 31 Dec 2014 £
Wages and salaries	52,320
Social security costs	5,347
	<u>57,667</u>

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

	6 Mar to 31 Dec 2014 No.
Staff	2
Directors	<u>1</u>

3. DIRECTORS' REMUNERATION

	6 Mar to 31 Dec 2014 £
Remuneration	<u>10,969</u>

CROSSWORD CYBERSECURITY PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Computers £	Total £
Cost		
Additions	5,589	5,589
At 31 December 2014	<u>5,589</u>	<u>5,589</u>
Accumulated Depreciation		
Charge for the year	103	103
At 31 December 2014	<u>103</u>	<u>103</u>
Net Book Value		
At 31 December 2014	<u>5,486</u>	<u>5,486</u>

5. INVESTMENTS IN SUBSIDIARIES

	Shares of Subsidiaries £	Total £
Cost		
Additions	1,017	1,017
At 31 December 2014	<u>1,017</u>	<u>1,017</u>
Carrying Amount		
At 31 December 2014	<u>1,017</u>	<u>1,017</u>

The above investment represents the company's holding in its subsidiary, Crossword Cybersecurity Sp. Z.o.o, a company registered in Poland.

6. TRADE AND OTHER RECEIVABLES

	Group 2014 £	Company 2014 £
Other receivables	32,538	53,900
Prepayments and accrued income	11,574	11,575
	<u>44,112</u>	<u>65,475</u>

CROSSWORD CYBERSECURITY PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

7. TRADE AND OTHER PAYABLES

	Group 2014 £	Company 2014 £
Trade payables	19,096	19,096
Accruals and deferred income	13,201	21,646
Other payables	2,426	39
	<u>34,723</u>	<u>40,781</u>

8. SHARE CAPITAL

	2014 £
Allotted, called up and fully paid	
1,593,934 - ordinary shares of £0.05 each	<u>79,697</u>
Share capital	
Shares issued in period	<u>79,697</u>
Carried forward	<u>79,697</u>
Share premium	
Shares issued in period	<u>620,303</u>
Carried forward	<u>620,303</u>

The shares issued during the year represent the initial capital base of the company.

9. RESERVES

	Share premium £	Retained earnings £	Foreign currency translations
Loss for the period		(238,680)	(1,282)
Premium on shares issued during the period	620,303		
At 31 December 2014	<u>620,303</u>	<u>(238,356)</u>	<u>(1,282)</u>

10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £
Loss for the financial period	(239,962)
Shares issued during the period	79,697
Share premium on shares issued	<u>620,303</u>
Closing shareholders' funds	<u>460,038</u>

CROSSWORD CYBERSECURITY PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

11. CASH GENERATED FROM OPERATIONS

	Group 6 Mar to 31 Dec 2014 £	Company 6 Mar to 31 Dec 2014 £
Loss before tax	(238,680)	(238,680)
Increase in debtors	(44,111)	(65,475)
Increase in creditors	34,722	40,781
Depreciation	103	-
Cash generated from operations	(247,966)	(263,374)

12. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	Group 6 Mar to 31 Dec 2014 £	Company 6 Mar to 31 Dec 2014 £
Financing		
Proceeds of issue of ordinary shares	<u>700,000</u>	<u>700,000</u>

13. FINANCIAL INSTRUMENTS

	Group Cash Loans and Receivables £	Company Cash Loans and Receivables £	Group Other Financial Liabilities £	Company Other Financial Liabilities £
Financial Assets				
Cash and cash equivalents	445,163	435,609		
Trade and other receivables	44,112	65,475		
Financial Liabilities				
Trade and other payables			21,522	19,135
Accruals and deferred income			13,201	21,646

CROSSWORD CYBERSECURITY PLC
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

14. RELATED PARTY TRANSACTIONS

The following numbers of shares were issued to directors in the period:

Director	Shares
T Ilube	1,014,710
D Secher	21,102
J Bottomley	21,102

A loan was made from Crossword Cybersecurity Plc to its 100% owned subsidiary Crossword Cybersecurity Sp. Z.o.o of £28,000 during the year. This was still outstanding at year end.

15. CONTROLLING PARTY

The ultimate controlling party throughout the period was T Ilube, a director.