

IT GOVERNANCE LIMITED

**Annual Report and Financial Statements
for the year ended**

31 March 2021

Company registration number 04418178

TUESDAY



AB1B5VFD

A14

05/04/2022

#236

COMPANIES HOUSE

CONTENTS	PAGES
Directors, Officers and Advisers	2
Strategic report	3
Directors' Report	4
Independent Auditor's Report	7
Income Statement	10
Balance Sheet	11
Statement of Changes in Equity	12
Principal Accounting Policies	13
Notes to the Financial Statements	24-31

IT Governance Limited

Directors, officers and advisers

Directors:

A Brode
A Calder
C Hartshorne

Company Secretary:

C Hartshorne

Independent Auditor:

BDO LLP
55 Baker Street
London
W1U 7EU

Registered office:

Unit 3 Clive Court,
Bartholemew's Walk,
Cambridgeshire Business Park,
Ely, Cambridgeshire,
CB7 4EA

Bankers

HSBC
5 Butter Market
Ely
Cambridgeshire
CB7 4PA

Solicitors

Mills and Reeve LLP
Botanic House
98-100 Hills Road
Cambridge
CB2 1PH

Company registration number:

04418178

Strategic report for the year ended 31 March 2021

The directors present their report together with the audited financial statements for the period ended 31 March 2021.

Principal activities

IT Governance Limited is a one-stop shop for IT Governance including books, tools, learning and consultancy services.

Results, dividends and financial position

The loss for the financial year amounted to £2,075,873 (2020:£2,144,808). The loss arose following a downturn in trade as a result of the Covid-19 pandemic and the impact of the Head Office management charge which is calculated with reference to group costs applicable to the Groups subsidiaries based on turnover. During the year the directors did not pay a dividend (2020:£nil). The statement of financial position on page 11 shows the company has net liabilities of £6,383,266 (2020:£4,687,601). In the opinion of the directors, the business review give a fair review of the development of the business during the year and its position at the year end.

Review of business, future developments and Key Performance Indicators


The company's turnover for the year was £7,577,540, compared to revenue of £9,962,947 for the year ended 31 March 2020. The impact of the COVID-19 pandemic has had an adverse impact on the results for the year. Pre-tax loss for the year improved from the prior period to £(2,039,636) from £(2,144,808). The improvement was as a result of a period of restructuring and rebuilding delivering improved internal efficiencies with significant cost savings

The company continues to successfully scale up our existing remote-delivery capability across our continuity, security and privacy compliance services worldwide. We strive to meet all our clients' delivery needs – including instructor-led training, consultancy, audit, testing and legal compliance services, across the world on a remote basis. In doing so, we will continue to make the IT Governance experience efficient simple and collaborative. The company's Non-financial KPIs include website visits and average FTE headcount.

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a minimal number of risks given its principal activity. The key business risks affecting the company is competition from current competitors, or new entrants to the market, in particular the data protection and cyber security market, might bring advanced technologies, products or services at a lower price which have an adverse effect on the Company's business. To mitigate this the company is continuing to deliver high-quality products and services to our customers. We continually review and monitor competitive activity in all our markets to ensure IT Governance remains innovative, competitive and attractive in the markets in which we operate. The most significant ongoing risk relates to COVID-19, the invasion of Ukraine by Russia and rising inflation. The company continues to monitor the situation in all of these areas as they continue to evolve and its impact on our people and our business. The Company has implemented a number of actions to manage the near-term impact on our people and business. Above all, we will maintain our commitment to the health and safety of our employees and customers by putting people first.

This report was approved by the board on 31 March 2022 and signed on its behalf



31.3.22

Chris Hartshorne
Director
31 March 2022

Directors' Report for the year ended 31 March 2021

The directors present their report together with the audited financial statements for the year ended 31 March 2021.

Business review

A review of the business and its principal risks and uncertainties is set out in the strategic report on page 3 of these financial statements.

Going concern

The financial statements have been prepared on a going concern basis.

The Company operates as an integral part of the group headed by GRC International plc, the parent undertaking of the Company, and is reliant on working capital funding from the parent undertaking for the foreseeable future to continue as a going concern and to meet its liabilities as they fall due. A letter of support has been obtained from the parent company to cover future funding requirements for a period of not less than one year from the date of approval of these financial statements.

The Company has recorded a loss for the year of £1.7 million (2020: £1.9 million) and at 31 March 2021 its current liabilities exceeded its current assets by £8.8 million (2020: £6.9 million).

The global COVID-19 pandemic negatively impacted monthly billings (and in turn revenues) through much of FY21, but from late in Q3 the Group saw performance improvements and was back to consistently positive EBITDA before the end of the year and into FY22.

The Group has accumulated PAYE and VAT arrears as part of its response to the unprecedented trading environment, in respect of which it has formally agreed repayment plans with HMRC. The Group has factored the repayments into both its short-term cash flow planning and its longer-term integrated profit and loss, balance sheet and cash flow forecast by month which runs to 31 March 2023.

In January 2022 the Group raised £3m (approximately £2.8m net of costs) via the placing of new shares to strengthen the balance sheet and accelerate organic growth.

The Directors have reviewed the Group's forecasts and projections to 31 March 2023 which, taking account of reasonably possible changes in trading performance, show that the Group is able to generate sufficient liquidity to continue in operational existence for the foreseeable future. On this basis, taken together with the group's current liquidity from the January 2022 fundraise, the Directors believe that the Group will be able to generate sufficient cash through its normal business trading to enable it to continue to meet, as and when they fall due, planned and committed liabilities for at least the next 12 months from the date of this report. For this reason, the Directors continue to adopt the going concern basis in the preparation of its financial statements.

Directors

The directors who served during the year were:

N Acworth – Resigned 17 February 2021

A Brode

A Calder

C Hartshorne

S Watkins - Resigned 13 May 2021

Disclosure of information to auditor

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

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

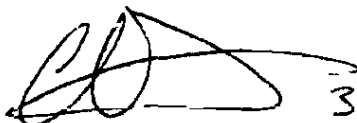
Directors' Report for the year ended 31 March 2021 (continued)

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 31 March 2022
and signed on its behalf.



31.3.22

C Hartshorne
Director

**Directors' Responsibilities Statement
For the Year Ended 31 March 2021**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditor's report to the members of IT Governance Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of IT Governance Limited ("the Company") for the year ended 31 March 2021 which comprise the Income Statement, Balance Sheet, Statement of changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework] (United Kingdom Generally Accepted Accounting Practice) .

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of IT Governance Limited (continued)

Other Companies Act 2006 reporting

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit. ;or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report to the members of IT Governance Limited (continued)

The objectives of our audit, in respect to irregularities, including fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; to respond appropriately to fraud or suspected fraud identified during the audit, to obtain audit evidence regarding compliance with provisions of applicable laws and regulations, and to respond appropriately to any non-compliance identified. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our approach was as follows:


- We obtained an understanding of the legal and regulatory frameworks that are applicable to IT Governance Limited. We determined that the most significant laws and regulations which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (FRS 102 and the Companies Act 2006), labour regulations and tax in the United Kingdom.
- We understood how the company is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and review of material legal costs in the period.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it is considered there was a susceptibility to fraud. We also considered potential fraud drivers: including financial or other pressures, opportunity, and personal or corporate motivations. We considered the processes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and review of key areas of estimation uncertainty and judgements.

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

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

Use of our report

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

DocuSigned by:

4DBAD10598DC44F

Tim Neathercoat (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

31 March 2022

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

Income Statement for the year ended 31 March

	Notes	2021 £	2020 £
Revenue	1	7,577,540	9,962,947
Cost of sales		<u>(4,383,501)</u>	<u>(5,295,335)</u>
Gross profit		3,194,039	4,667,612
Administrative expenses		(3,302,966)	(4,300,912)
Other operating income		<u>128,608</u>	<u>95,315</u>
Operating profit/(loss) before head office management recharge		19,681	462,015
Head office management recharge		<u>(1,934,280)</u>	<u>(2,444,747)</u>
Operating loss	2	(1,914,599)	(1,982,732)
Finance income	4	126	-
Finance costs	5	(161,363)	(158,564)
Share of post-tax loss of joint ventures accounted for using the equity method	7	<u>(37)</u>	<u>(3,512)</u>
Loss before tax		(2,075,873)	(2,144,808)
Taxation	6	<u>380,208</u>	<u>253,072</u>
Loss for the financial year		<u>(1,695,665)</u>	<u>(1,891,736)</u>

All of the company's loss relates to continuing operations.

There was no comprehensive income or expenses in the year or preceding year other than as shown in the income statement.

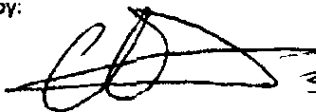
The accompanying accounting policies and notes form an integral part of these financial statements.

IT Governance Limited

Balance Sheet as at 31 March

	Notes	2021 £	2020 £
Assets			
Non-current assets			
Intangible assets	7	2,323,309	2,154,714
Property, plant and equipment	8	267,562	554,887
Investments accounted for using the equity method	9	6,746	6,784
Investments	10	997	997
Deferred tax	6	214	-
		<u>2,598,828</u>	<u>2,717,382</u>
Current assets			
Inventories	12	8,951	42,076
Trade and other receivables	13	2,640,885	3,394,408
Cash at bank	14	156,625	200,647
Current tax		-	184,634
		<u>2,806,461</u>	<u>3,821,765</u>
Current liabilities			
Trade and other payables	15	(11,183,778)	(9,903,922)
Borrowings	16	(335,149)	(632,238)
Lease liabilities	17	(132,130)	(139,814)
		<u>(11,651,057)</u>	<u>(10,675,974)</u>
Net current liabilities			
		<u>(8,844,596)</u>	<u>(6,854,209)</u>
Non-current liabilities			
Borrowings	16	(137,498)	(211,982)
Lease liabilities	17	-	(134,808)
Deferred tax	6	-	(203,984)
		<u>(137,498)</u>	<u>(550,774)</u>
Net liabilities			
		<u>(6,383,266)</u>	<u>(4,687,601)</u>
Equity			
Called up Share Capital	19	50,251	50,251
Retained earnings		(6,433,522)	(4,737,857)
Capital redemption reserve		5	5
Total equity		<u>(6,383,266)</u>	<u>(4,687,601)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 31 March 2022 and were signed on its behalf by:



31.3.22

Chris Hartshorne
Director

Company registration number: 04418178

The accompanying accounting policies and notes form an integral part of these financial statements.

**Statement of Changes in Equity
For the year ended 31 March 2021**

	Called up Share capital (note 19)	Retained earnings	Capital redemption reserve	Total
	£	£	£	£
Balance at 1 April 2020	50,251	(4,737,857)	5	(4,687,601)
Loss for the year	-	(1,695,665)	-	(1,695,665)
At 31 March 2021	50,251	(6,433,522)	5	(6,383,266)
Balance at 1 April 2019	50,251	(2,846,121)	5	(2,795,865)
Loss for the year	-	(1,891,736)	-	(1,891,736)
At 31 March 2020	50,251	(4,737,857)	5	(4,687,601)

Principal Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding year.

General information and basis of accounting

IT Governance Limited (IT Governance or 'the Company') is a private company limited by shares, incorporated in the United Kingdom and registered in England and Wales. The registered company number is 04418178 and the registered office is Unit 3 Clive Court, Bartholomew's Walk, Cambridgeshire Business Park, Ely, Cambridgeshire, CB7 4EA.

The principal activities of IT Governance Limited are as a one-stop shop for IT Governance including books, tools, learning and consultancy services.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework.

The financial statements have been prepared on a historical cost basis. The presentation currency used is sterling.

Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital management;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of GRC International Group plc.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of the ultimate parent company GRC International plc. These financial statements do not include certain disclosures in respect of:

- Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Impairment of assets.

The Company has adopted FRS101 in these financial statements.

Exemption from preparation of consolidated financial statements

The financial statements contain information about IT Governance Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred by s401 of the Companies Act 2006 not to produce consolidated financial statements as it is included by full consolidation within the consolidated financial statements of its ultimate parent company, GRC International plc, a company incorporated in the United Kingdom. These financial statements may be obtained from GRC International, Unit 3 Clive Court, Bartholomew's Walk, Cambridgeshire Business Park, Ely, Cambridgeshire, CB7 4EA.

Going concern

The financial statements have been prepared on a going concern basis.

The Company operates as an integral part of the group headed by GRC International plc, the parent undertaking of the Company, and is reliant on working capital funding from the parent undertaking for the foreseeable future to continue as a going concern and to meet its liabilities as they fall due. A letter of support has been obtained from the parent company to cover future funding requirements for a period of not less than one year from the date of approval of these financial statements.

The Company has recorded a loss for the year of £1.7 million (2020: £1.9 million) and at 31 March 2021 its current liabilities exceeded its current assets by £8.8 million (2020: £6.9 million).

The global COVID-19 pandemic negatively impacted monthly billings (and in turn revenues) through much of FY21, but from late in Q3 the Group saw performance improvements and was back to consistently positive EBITDA before the end of the year and into FY22.

Principal Accounting Policies (continued)

Going concern (continued)

The Group has accumulated PAYE and VAT arrears as part of its response to the unprecedented trading environment, in respect of which it has formally agreed repayment plans with HMRC. The Group has factored the repayments into both its short-term cash flow planning and its longer-term integrated profit and loss, balance sheet and cash flow forecast by month which runs to 31 March 2023.

In January 2022 the Group raised £3m (approximately £2.8m net of costs) via the placing of new shares to strengthen the balance sheet and accelerate organic growth.

The Directors have reviewed the Group's forecasts and projections to 31 March 2023 which, taking account of reasonably possible changes in trading performance, show that the Group is able to generate sufficient liquidity to continue in operational existence for the foreseeable future. On this basis, taken together with the group's current liquidity from the January 2022 fundraise, the Directors believe that the Group will be able to generate sufficient cash through its normal business trading to enable it to continue to meet, as and when they fall due, planned and committed liabilities for at least the next 12 months from the date of this report. For this reason, the Directors continue to adopt the going concern basis in the preparation of its financial statements.

Revenue recognition

Revenue comprises revenue recognised in respect of goods and services supplied during the period, and is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue

The type of products and range of services sold across the Group fall within the following four revenue streams:

- Consultancy
- Publishing/Distribution
- Learning
- Software

To determine whether to recognise revenue, the Group follows a five-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue recognition

Revenue is recognised either at a point in time or over time, when the Group satisfies performance obligations by transferring the promised goods or services to its customer. The Company often enters into transactions involving a range of the Group's products and services, for example for the delivery of consultancy, training, software and related after-sales service. In all cases, the total transaction price for a contract is allocated net of discounts amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as deferred income in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due. In practice, contract assets rarely arise due to the timing of invoices raised under the terms of the Company contracts.

All material contracts which span a financial reporting period will be reviewed on an individual basis with the five-step application of IFRS 15 applied, based upon the type of product sold.

Customer rights to refunds are limited and are not considered material to the financial statements.

Principal Accounting Policies (continued)
Revenue recognition (continued)

The following chart summarises how the five-step process is applied for each of the four revenue streams:

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
<p>Consultancy – On-site and remote support consulting services, helping organisations to design and implement data protection and cyber security policies and procedures.</p>	<p>The Company recognises revenue over time as the services in the contract are performed, generally based on the consultants’ estimate of the progress of the work. Revenue from consultancy services which are either a performance obligation within a larger arrangement or are sold on a stand-alone basis is generally recognised over time where the Company agrees to provide labour hours/days. Contracts state a broad list of activities that the services may include. The contracts state daily/hourly rates and estimated amounts to be billed. Contracts state that IT Governance will not exceed the total amount without prior written approval.</p> <p>In cases where contracts are structured on a time basis, the variable amount of the consideration due will be estimated.</p> <p>Where the performance obligations within an agreement are considered to represent services that are substantially the same, these will form a single performance obligation with labour days/hours representing the progress measure. Several contracts define the only obligation as support for customer-led projects, and again in these cases it will be considered that there is one performance obligation with labour hours being the progress measure.</p> <p>Revenue shall be recognised over a time, when the Company’s performance does not create an asset with an alternative use to the Company and the entity has an enforceable right for performance completed to date. This is true for all services provided on a time basis. The Company also has an enforceable right for payment for work completed to date.</p>
<p>Publishing/ Distribution – The Company sells books, documentation templates and software via its websites, both that it publishes or writes itself, and also supplied by third parties. The Company also creates and sells sets of documentation templates that are used by customers to assist them to document IT systems and procedures.</p>	<p>The Company recognises revenue at the point in time when control of the asset is transferred to the customer. The product becomes under the control of the customer when the book/software/toolkit is delivered to them. This is when the customer has legal title to the asset or has physical possession of the asset.</p> <p>For the sale of physical soft copy books and CD-ROMs, revenue is recognised when the goods are delivered.</p> <p>Where a product with a subscription or licence is sold on behalf of a third party the revenue is recognised straight away as the obligation to fulfil the contract lies with the third party and not the Company. The full cost of the product sold by the Group in respect of a third-party sale is charged to the Income Statement when the revenue is recognised.</p>
<p>Software – The Group creates and sells software solutions. Maintenance and Support ("M&S") arrangements are usually sold on a stand-alone basis as a renewal of an existing arrangement usually running over a 12-month period. Generally, the first time M&S is sold is when the customer initially buys the software. There are no material rights to consider in connection with renewal options.</p>	<p>Revenue from the sale of software for a fixed fee is recognised when or as the Company gives access to the customer to download the software.</p> <p>Software revenue recognition.</p> <p>Performance obligations are satisfied at a point in time when the Company has a right to payment for the software, the customer has legal right to use the software under the terms of the software licence agreement, and the Company has physically transferred the software to the customer. These criteria are all met at the point in time that the Company transfers the software.</p> <p>The Company does not undertake activities which significantly affect the intellectual property post-delivery of the software which would prevent revenue being recognised at a point in time.</p> <p>The Company does not provide free Maintenance and Support type services as part of the licensing arrangements. Revenue from the sale of Maintenance and Support arrangements are always sold on a stand-alone basis or as a renewal of an existing arrangement usually running over a 12-month period. The technical support and software updates are distinct. This is because the customer can benefit from the licence with or without the Maintenance and Support contract.</p> <p>Technical support: the customer benefits from the technical support as that support is provided. The contracted support period is generally 12 months, so the customer obtains the benefit over the 12-month period.</p> <p>Accordingly, it is appropriate to recognise revenue over a 12-month period.</p> <p>Software updates: all software updates are unspecified within Maintenance and Support arrangements with updates being made as and when available. The customer will continue to receive updates during the Maintenance and Support period and accordingly will benefit from the updates as they are provided. Accordingly, it is appropriate to recognise revenue over a 12-month period.</p>

Principal Accounting Policies (continued)**Revenue recognition (continued)**

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
<p>Learning – The Company sells “in person” classroom- based training courses related to data protection, cyber security, ISO 27001 certification and related topics. The courses range from one to five days in length and are held at hired premises. The Company also provides courses at customers’ premises for organisations that require training for a number of their employees. The courses are aimed at various different areas of IT governance and at different skill levels.</p>	<p>Revenue is recognised on ‘Classroom Based Training Courses’ and ‘Online Training Courses’ when the customer obtains control. The product becomes under the control of the customer when they attend the first day of the Training Course.</p> <p>Revenue is recognised on ‘Distance Learning Based Training Courses, when the customer gains control. The product becomes under the control of the customer at the date the online course is made available to them. Once the course is made available the Company has fulfilled its contractual obligation to deliver. The date the user accesses and uses the course is not considered relevant.</p> <p>Revenue is recognised on ‘e-learning Courses’ dependent on the type of service provided. ‘e-learning’ is split into four types:</p> <ul style="list-style-type: none"> • e-Learning Hosting Services – An additional annual fee for LMS (Learning Management System) hosting of the e-learning courses. Customers are not obliged to but can buy our standard ‘off-the-shelf’ ‘Hosting’ area. All hosted client courses will be hosted on our LMS. Each client will be given their own space, which can be branded with their logo and company colours. The e-learning course files hosted on our LMS will be the same for all clients, and each client will have a space in the course layout to add any extra information they need, such as documents, links and contact details. Revenue is recognised on ‘e-learning Hosting Services’ over time as the customer has access to the hosting area. Revenue is then pro-rated equally over the period (normally 12 months) to which the service relates. • Revenue is recognised on ‘e-learning Courses’ when the customer obtains control. The course becomes under the control of the customer when the online course is made available to access. • e-Learning Set Up Costs – Organisations/customers can contract the Company to ‘Customise’ the e-learning courses to their organisation’s specifications (i.e. company logo/branding etc.). Revenue is recognised on ‘e-learning Set Up Costs’ when the customer obtains control of the course material. The product becomes under the control of the customer when the online courses are made available to access. • e-Learning Training – Organisations/customers can contract the Company to provide training for the e-learning courses. This is a one-off fee and the Training is a pre-agreed number of hours or days as requested by the customer. Revenue is recognised on ‘e-learning Training’ when the customer gains control. The product comes under the control of the customer on the first day of the Training Course.

Finance income and costs

Interest income and expense is recognised using the effective interest method which calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability.

Investments

Investments are stated at cost less provision for any permanent impairment.

Intangible assets**Acquired intangible assets**

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Principal Accounting Policies (continued)

Internally developed intangible assets

Expenditure on research activities is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably;
- the project is technically and commercially feasible;
- the Company intends to and has sufficient resources to complete the project;
- the Company has the ability to use or sell the software; and
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on internal development assets.

Internal development assets include software, website costs, courseware, marketing tools, consultancy products and publishing products.

Subsequent measurement

The useful lives of all intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the income statement as administrative expenses.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Amortisation is calculated on a straight-line basis over the estimate useful life of the asset as follows:

Trademarks	10 years
Software	5 years
Website costs	5 years
Marketing tools	3 years
Courseware	10 years
Publishing products	4 years
Consultancy products	10 years

Any capitalised internally developed intangible asset that is not yet complete is not amortised but is subject to impairment testing.

Subsequent expenditures on the maintenance of computer software are expensed as incurred.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the Income Statement in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment and is calculated as follows:

Leasehold improvements	10 years straight line basis
Computer equipment	25-33% reducing balance basis
Office equipment	25% reducing balance basis

Depreciation is provided on cost less residual value. The residual value, depreciation methods and useful lives are annually reassessed.

Each asset's estimated useful life has been assessed with regard to its own physical life limitations and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all machinery and equipment, with annual reassessments for major items. Changes in estimates are accounted for prospectively.

Principal Accounting Policies (continued)

Property, plant and equipment (continued)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the Income Statement.

Impairment of non-financial assets

At each balance sheet date, the Directors review the carrying amounts of the Company's non-current assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Directors estimate the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

An impairment loss is recognised as an expense immediately.

Where an impairment loss on non-financial assets subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognised in the Income Statement immediately.

Inventory

Inventory is stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At the balance sheet date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Cash at bank

Cash at bank comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from inception.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. Financial assets and financial liabilities are measured subsequently as described below.

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. When a financial liability and a financial asset relating to the same contract exist these are offset.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Principal Accounting Policies (continued)
Financial instruments (continued)

Financial assets are classified as "Amortised cost" financial assets.

In the periods presented the Company does not have any financial assets categorised as either FVTPL or FVOCI. The classification is determined by both:

- The entity's business model for managing the financial asset.
- The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other administrative expenses.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement of financial assets

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the expected credit loss ("ECL") model. Instruments within the scope of these requirements included loans and other debt-type financial assets measured at amortised cost, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Level of expected credit loss provision to hold or not hold (note 13). Estimation is required in determining the extent of credit losses that may be incurred in the future. The estimate is reviewed for circumstances present at each reporting date and the level of provision adjusted accordingly.

Principal Accounting Policies (continued)

Financial liabilities

The Company's financial liabilities include trade and other payables and borrowings.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classified as financial liabilities.

Trade and other payables and borrowings are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method (the "EIR" method).

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Income Statement.

Loans and borrowings, including bank overdrafts, are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Foreign currency

The presentation currency for the Company's financial statements is Sterling. Foreign currency transactions are recorded in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities have been translated at rates in effect at the balance sheet date, with any exchange adjustments being charged or credited to the Income Statement, within "administrative expenses".

The Company's functional currency is Sterling.

Current taxation

Current taxation for the Company is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the balance sheet date and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred taxation

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. No deferred tax is recognised on initial recognition of goodwill or on investment in subsidiaries. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full, and are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Income Statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employment benefits

Provision is made in the financial statements for all employee benefits. Liabilities for wages and salaries, including non-monetary benefits and annual leave obliged to be settled within 12 months of the balance sheet date, are recognised in accruals.

Contributions to defined contribution pension plans are charged to the Income Statement in the period to which the contributions relate.

Leases

For any new contracts entered into on or after 1 March 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Principal Accounting Policies (continued)

Leases (continued)

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

a) measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or, if not, the Company's incremental borrowing rate.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients available under IFRS 16. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term. The expense relating to leases falling within this exemption in the year ended 31 March 2020 was £nil.

b) measurement and recognition of leases as a lessor

Lease payments received under operating leases are recognised as income on a straight-line basis over the lease term as part of 'other income'.

Principal Accounting Policies (continued)

Equity

Equity comprises the following:

- “Share capital” represents the nominal value of equity shares issued.
- “Share premium” represents amounts subscribed for share capital, net of issue costs, in excess of nominal value.
- “Retained earnings” represents the accumulated profits and losses attributable to equity shareholders.
- “Capital redemption reserve” represents the nominal value of shares repurchased by the Parent Company.

Significant management judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with 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 reporting date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Assumptions and accounting estimates are subject to regular review. Any revisions required to accounting estimates are recognised in the period in which the revisions are made including all future periods affected.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Capitalisation of internally developed intangible assets

Determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. Management considers the criteria set out in IAS 38 in advance of capitalising any projects. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired. Should a different judgement be taken, the amounts capitalised may differ from those presented in note 9.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and timing differences on capital allowances can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions. Judgement is also applied in the recognition of deferred tax assets in respect of losses, based on management’s view of the availability of future profits to offset such losses.

Recognition of service contract revenues

Determining when to recognise revenues from services requires an understanding of both the nature and timing of the services provided and the customers’ pattern of consumption of those services, based on historical experience and knowledge of the market. There is judgement applied by management in measuring the stage of completion of the service being delivered at each balance sheet date, and consequently the value of revenue reported.

Level of expected credit loss provision to hold or not to hold (note 13)

The identification of any provision for any expected credit loss requires management to exercise judgement to determine the nature of the recoverability of debts outside of the normal credit terms.

Going concern

The identification by management of the Group to continue as a going concern is a key judgement and has been explained further on page 54

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

– Impairment testing of intangible assets acquired or internally generated (note 7):

The recoverable amounts of groups of CGUs have been determined based on value-in-use calculations. The principal assumptions used to determine value-in-use relate to future cash flows and the time value of money. Further information is provided in the Intangible assets note.

Principal Accounting Policies (continued)

New and amended International Financial Reporting Standards adopted by the Company

The following accounting standards, interpretations, improvements and amendments have become applicable for the current period and although the Group has adopted them, they have had no material impact on the Group. These comprise:

- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform.
- Amendments to References to the Conceptual Framework for IFRS Standards.
- Amendments to IFRS 3: Definition of a Business.
- Amendments to IAS 1 and IAS 8: Definition of Material.
- Amendments to IFRS16: COVID-19 related Rent Concessions.

Endorsed accounting standards effective in future periods

The Directors considered the impact on the Company of other new and revised accounting standards, interpretations or amendments that are currently endorsed but not yet effective. The Directors do not expect any other standards to have a significant impact on the Company's results.

International Financial Reporting Standards in issue but not yet effective

At the date of authorisation of the financial statements, the IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the Company.

The following accounting standards and amendments that are applicable to the Company have been issued by the IASB but had either not been endorsed by the UK Endorsement Board or were not yet effective as at 31 March 2021.

- IFRS 17 Insurance Contracts. The current effective date is 1 January 2023. This is not expected to be applicable to the Company.

These amendments are not expected to be material to the Company, if adopted.

New/revised International Financial Reporting Standards which are not considered likely to have an impact on the Company's financial statements going forwards have been excluded from the above.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

Notes to the financial statements

1. Revenue

Revenue is all derived from continuing operations. The analysis of revenue by category:

	2021	2020
	£	£
Point in time delivery	4,788,496	4,303,995
Provision of services	2,789,044	5,658,952
	<u>7,577,540</u>	<u>9,962,947</u>
Other income	128,608	95,315
Interest on cash deposits	126	-
	<u><u>7,706,274</u></u>	<u><u>10,058,262</u></u>

Revenue by geographic destination

Revenue across all operating segments is generated from the UK but includes overseas sales to other countries:

	2021	2020
	£	£
UK	6,693,883	8,767,948
Non-UK	883,657	1,194,999
	<u>7,577,540</u>	<u>9,962,947</u>

2. Operating Profit

	2021	2020
	£	£
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	276,002	306,445
Amortisation of intangible fixed assets	519,731	605,466
Loss on foreign exchange	1,767	11,840
Operating lease costs		
- Buildings	131,998	162,460
- Other	-	-
	<u>-</u>	<u>-</u>

Fees payable for Auditor's remuneration to the company's auditors for the audit of the company's annual accounts are paid by the parent company. These are recharged back to the company in the form of a management recharge.

3. Directors and employees

The aggregate payroll costs of the employees were as follows:

	2021	2020
	£	£
Staff costs		
Wages and salaries	2,919,290	3,443,115
Social security costs	330,436	347,514
Pension costs	53,554	95,224
	<u>3,303,280</u>	<u>3,885,853</u>

Notes to the financial statements (continued)**3. Directors and employees (continued)**

Average monthly number of persons employed by the Company during the year was as follows:

	2021 £	2020 £
By activity		
Administration	19	45
Sales and distribution	31	11
	<u>50</u>	<u>56</u>

The directors of the company are remunerated through the Parent company. No remuneration was received in relation to services provided to this entity.

4. Finance Income

	2021 £	2020 £
Interest on cash deposits	<u>126</u>	<u>-</u>

5. Finance costs

	2021 £	2020 £
Interest on overdrafts	1,358	11,403
Interest on loans	104,609	77,428
Other interest	31,062	34,025
Interest on lease liabilities	24,334	35,523
Interest on finance leases	-	185
	<u>161,363</u>	<u>158,564</u>

6. Taxation**Analysis of charge in the year**

	2021 £	2020 £
Current tax – Adjustment in respect of prior period	(176,010)	(488,491)
Foreign tax – current period	-	-
Deferred tax – Adjustment in respect of prior period	(23,534)	(7,035)
Deferred tax – current period movement (see deferred tax table on page 21)	(180,664)	242,454
Tax (credit)/charge	<u>(380,208)</u>	<u>(253,072)</u>

	2021 £	2020 £
Loss before taxation	(2,075,873)	(2,144,808)
Profit by rate of tax (2021: 19%; 2020: 19%)	(394,416)	(407,514)
Fixed asset timing differences	4,050	1,256
Losses carried back	-	-
Expenses not deductible for tax purposes	-	71,383
Group relief	-	81,892
Deferred tax not recognized	209,702	521,468
Adjustments to deferred tax in respect of prior periods	(23,534)	(7,035)
Effect of change in tax rate	-	(26,031)
Other movements	-	-
Adjustment in respect of prior period: R&D tax credit	(176,010)	(184,634)
Adjustment in respect of prior period	-	(303,857)
Total tax (credit)/charge	<u>(380,208)</u>	<u>(253,072)</u>

Notes to the financial statements (continued)**6. Taxation (continued)**

At the balance sheet date, the company has the following unused tax losses for which no deferred tax asset has been recognized on the basis that it is not considered probable that there will be future profits available to utilize the tax losses:

	2021 £	2020 £
Trading Losses (UK)	4,876,217	3,847,495
Non-trading loan relationship deficits	164,420	-

At the balance sheet date, a deferred tax asset has not been recognised for excess unrelieved foreign tax of £19,848 (2020: £19,848) on the basis that it is not considered probable that there will be future taxable profits available to utilise the double tax relief credit.

Deferred tax:

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

Deferred tax assets and liabilities are offset where the Company has a legal enforceable right to do so.

	Losses £	Fixed asset timing differences £	Short-term timing differences £	Total £
At 1 April 2020	-	109,770	(141,205)	(31,435)
Prior year adjustment	-	(7,035)	-	(7,035)
Charge/(credit) to profit or loss	-	104,687	137,767	242,454
At 31 March 2020	-	207,422	(3,438)	203,984
Prior year adjustment	-	(26,099)	2,565	(23,534)
Charge/(credit) to profit or loss	(214)	(181,323)	873	(180,664)
Deferred tax (asset) at 31 March 2021	(214)	-	-	(214)

7. Intangible assets

	Consultancy products £	Marketing Tools £	Publishing products £	Course- ware £	Software £	Website costs £	Trade marks £	Total £
Cost								
At 1 April 2019	80,482	62,883	215,952	490,327	1,471,694	1,326,820	7,280	3,655,438
Additions	181,867	-	-	-	345,422	210,000	2,368	739,657
At 31 March 2020	262,349	62,883	215,952	490,327	1,817,116	1,536,820	9,648	4,395,095
Additions	18,495	-	-	25,640	194,191	450,053	-	688,379
At 31 March 2021	280,844	62,883	215,952	515,967	2,011,307	1,986,873	9,648	5,083,474
Accumulated Depreciation								
At 1 April 2019	38,524	54,839	194,976	205,248	704,093	433,462	3,773	1,634,915
Charge for year	8,686	5,977	11,938	45,336	334,323	198,402	804	604,466
At 31 March 2020	47,210	60,816	206,914	250,584	1,038,416	631,864	4,577	2,240,381
Charge for year	26,878	1,883	6,793	45,317	182,372	255,800	741	519,784
At 31 March 2021	74,088	62,699	213,707	295,901	1,220,788	887,664	5,318	2,760,165
Net book value								
At 31 March 2021	206,756	184	2,245	220,066	790,519	1,099,209	4,330	2,323,309
At 31 March 2020	215,139	2,067	9,038	239,743	778,700	904,956	5,071	2,154,714

Amortisation is included within administrative expenses.

Notes to the financial statements (continued)

8. Property, plant and equipment

	Leasehold improvements	Computer equipment	Office equipment	Right of use assets - properties	Total
	£	£	£	£	£
Cost					
At 1 April 2019	129,877	727,101	58,212	-	915,190
Additions	350	5,419	2,296	-	8,065
IFRS 16 transition	-	-	-	401,857	401,857
At 31 March 2020	130,227	732,520	60,508	401,857	1,325,112
Additions	14,179	7,811	5,610	-	27,600
Disposals	-	-	-	(96,199)	(96,199)
At 31 March 2021	144,406	740,331	66,118	305,658	1,256,513
Accumulated Depreciation					
At 1 April 2019	35,909	398,238	29,633	-	463,780
Charge for year	13,145	148,747	10,601	133,952	306,445
At 31 March 2020	49,054	546,985	40,234	133,952	770,225
Charge for year	13,030	122,752	11,246	128,974	276,002
Disposals	-	-	-	(57,276)	(57,276)
At 31 March 2021	62,084	669,737	51,480	205,650	988,951
Net book value					
At 31 March 2021	82,322	70,594	14,638	100,008	267,562
At 31 March 2020	81,173	185,535	30,274	267,905	554,887

Depreciation is included within administrative expenses.

9. Investments in Equity-Accounted Joint Ventures

The group has a 50% interest in a joint venture, IBITGQ, a separate structured vehicle incorporated and operating in Germany. It was set up as a partnership together with GASQ Service GmbH dedicated to the provision of training and the continued professional development of information security, business resilience and IT governance professionals.

The contractual arrangement provides the group with only the rights of the joint arrangement, with the rights to the net assets of the joint arrangement, with the rights to the assets and obligations for liabilities of the joint arrangement resting primarily with IBITGQ GmbH under IFRS 11 the joint arrangement is classified as a joint venture and has been included in the financial statements using the equity method.

The principal place of business of the joint operation is in Germany.

	2021	2020
	£	£
At 1 April	6,784	10,041
Additions	-	-
Loss for the period	256	(3,512)
Foreign exchange movement	(294)	255
	<u>6,746</u>	<u>6,784</u>

10. Investments

	Investments in subsidiary companies	Total
	£	£
Cost		
At 31 March 2020 and 31 March 2021	<u>997</u>	<u>997</u>

Notes to the financial statements (continued)**11. Subsidiaries**

Details of the Company's subsidiaries are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	% ownership held by the Company		Class of shares owned
			2018	2017	
Vigilant Software Limited Unit 3, Clive Court, Bartholemew's Walk, Cambridgeshire Business Park, Ely, Cambridgeshire CB7 4EA	Software development	England & Wales	100%	100%	Ordinary

12. Inventories

	2021 £	2020 £
Finished goods for resale	8,951	42,076

	2021 £	2020 £
Amounts of inventories recognised as an expense during the year as cost of sales are:	210,151	259,549

	2021 £	2020 £
Amounts of inventories impaired/(written back) during the year are:	33,125	-

13. Trade and other receivables

	2021 £	2020 £
Amounts owed by group undertakings	2,124,896	2,099,843
Provision for expected credit loss	(329,359)	(315,426)
	1,795,537	1,784,417
Trade receivables	550,378	1,102,975
Other receivables	20,810	67,761
Prepayments	274,160	436,255
	2,640,885	3,394,408

The Directors consider the carrying value of trade and other receivables is approximate to its fair value.

The movement from changes in amounts owed to the Company from other group company's has been debited to the Income Statement. The provision is calculated based on a percentage of the balances outstanding at the period end according to the Directors' estimate of the level of credit loss that may arise.

All of the Company's trade and other receivables have been reviewed for indicators of impairment. The Company suffers a small incidence of credit losses.

Notes to the financial statements (continued)**14. Cash and cash equivalents**

	2021	2020
	£	£
Cash at bank (GBP)	109,735	178,471
Cash at bank (EUR)	7,426	8,556
Cash at bank (USD)	39,066	10,135
Cash at bank (AUD)	370	2,901
Cash at bank (other currencies)	28	584
	<u>156,625</u>	<u>200,647</u>

All significant cash and cash equivalents were deposited with major clearing banks with at least an 'A' rating.

15. Trade and other payables

Amounts falling due within one year:

	2021	2020
	£	£
Trade payables	775,518	700,704
VAT taxation	620,211	328,875
Other taxation and social security	683,808	221,626
Other payables	187,547	100,314
Amounts owed to group undertakings	8,214,254	7,768,896
Deferred income	594,497	772,758
Accruals	107,943	10,749
	<u>11,183,778</u>	<u>9,903,922</u>

16. Borrowings

	2021		Total £'000	2020		Total £'000
	Current £'000	Non-current £'000		Current £'000	Non-current £'000	
Secured						
Bank loans (i)	266,065	-	266,065	523,136	5,400	528,536
Total secured borrowings	<u>266,065</u>	<u>-</u>	<u>266,065</u>	<u>523,136</u>	<u>5,400</u>	<u>528,536</u>
Unsecured						
Bank Loans	69,084	137,498	206,582	109,102	206,582	315,684
Total unsecured borrowings	<u>69,084</u>	<u>137,498</u>	<u>206,582</u>	<u>109,102</u>	<u>206,582</u>	<u>315,684</u>
Total borrowings	<u>335,149</u>	<u>137,498</u>	<u>472,647</u>	<u>632,238</u>	<u>211,982</u>	<u>844,220</u>

(i) Secured liabilities and assets pledged as security

Of the Bank loans, £260,000 is secured against future receivables (2020: £426,000). The remaining secured bank loans and overdrafts are secured against assets of the business.

	As at 1 April 2020 £	Cash proceeds from borrowings £	Repayments of capital £	Repayments of interest £	Interest accruing £	As at 31 March 2021 £
Secured bank loans	528,536	392,000	(654,471)	(71,411)	71,411	266,065
Unsecured bank loans	315,684	-	(109,102)	(33,198)	33,198	206,582
Total	844,220	392,000	(763,573)	(104,609)	104,609	472,647

Notes to the financial statements (continued)**16. Borrowings**

The company has a number of loans in the period presented, and are summarised as follows:

	Security pledged	Term	Effective Interest rate
Paypal	Secured against future receivables	12 Months	4.26% – 10.49%
Wesleyan	Parent company guarantee	60 Months	14.32%
Wesleyan	Secured against assets of business	36 Months	22%
Bute Capital	Secured against assets of business	14-16 Months	6.65% – 10.36%
You Lend	Secured against future receivables	12 Months	16.67%
LDF Finance No. 3 Ltd	Director's Guarantee	36 Months	10.16%

17. Leasing arrangements

	1 April 2020	Net cash flow	Release of liability	Currency and non-cash movements	31 March 2021
	£	£	£	£	£
Lease liabilities	(274,622)	131,699	35,127	(24,334)	(132,130)
Total lease liabilities	(274,622)	131,699	35,127	(24,334)	(132,130)
					31 March 2021
Current					£ (132,130)
Non-Current					-
Total lease liabilities					(132,130)

The following amounts have been included in the Income Statement:

	2021	2020
	£	£
Interest expense on lease liabilities	(24,334)	(35,224)
Operating costs relating to short-term leases and low value assets	-	-
Amounts recognised in the Income Statement	(24,334)	(35,224)

The Company has elected not to recognise right of use assets and lease liabilities for short-term leases (i.e. lease term less than 12 months) or low-value assets (i.e. under £5,000). The Company will continue to expense the lease payments associated with these leases on a straight-line basis over the lease term. At 1 April 2019, this was less than £1,000.

18. Retirement benefit plans

Benefits from the contributory pension schemes to which the Company contribute are related to the cash value of the funds at retirement dates. The Company is under no obligation to provide any minimum level of benefits.

The assets of the schemes are administered by trustees in funds independent of the Company.

During the year £53,554 was recognised in the Income Statement in relation to pension contributions (2020: £95,224). As at 31 March 2020 Enil is payable to pension schemes (2019: Enil).

Notes to the financial statements (continued)**19. Called up Share capital**

The total allotted share capital of the company is:

Authorised, allotted, issued and fully paid

	2021		2020	
	Number	£	Number	£
Ordinary shares of £0.005 each	6,004,768	30,024	6,004,768	30,024
A Ordinary shares of £0.005 each	3,287,788	16,439	3,287,788	16,439
B Ordinary shares of £0.005 each	757,680	3,788	757,680	3,788
	<u>10,050,236</u>	<u>50,251</u>	<u>10,050,236</u>	<u>50,251</u>

Repurchase of shares**Rights and obligations**

The directors may decide to pay dividends to the holders of each class of share on any basis which, in their sole judgement (acting in good faith), they consider appropriate. The Ordinary Shares, "A" Ordinary Shares and "B" Ordinary Shares in the Company shall otherwise rank pari passu in all respects, and the holders of all shares shall have the right (in particular) to receive notice of and to attend and vote at general meetings of the Company.

20. Related party transactions

Xanthos Limited is considered a related party entity as Alan Calder is a co-owner of that company with his spouse (who runs the business) and was also a director of that company until March 2017.

Xanthos sub-leases office space from the Group, which is included within other income. During the year to 31 March 2020 this totalled £17k (2020: £20k). Transactions were carried out on an arm's length basis. Outstanding amounts due from Xanthos at 31 March 2021 totalled £2k (2020: £2k).

The Group also makes purchases from Xanthos. During the year to 31 March 2021, the Group made purchases totalling £522,571 from Xanthos (2020: £523,518). Outstanding amounts payable to Xanthos at 31 March 2021 totalled £103,158 (2020: £95,982).

21. Ultimate parent company and controlling party

At 31 March 2021, the company's immediate and ultimate parent company was GRC International plc, a public limited company incorporated in England listed on the AIM market of the London Stock Exchange. The largest and smallest group for which consolidated financial statements are drawn up is GRC International Group plc. Copies of these statements are available from Companies House and the group's website, www.GRCI.group. In the opinion of the Directors, there is no one individual who exercises control over the Company.