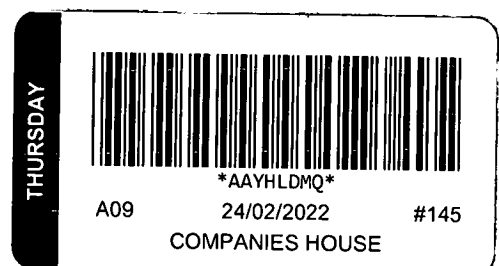


Company Registration No. 05703655 (England and Wales)

**SURECLOUD LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2021**



# SURECLOUD LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	C Haynes R Hibbert N Rafferty
<b>Company number</b>	05703655
<b>Registered office</b>	3rd Floor 9 Greyfriars Road Reading RG1 1NU
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants Davidson House Forbury Square Reading Berkshire RG1 3EU

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# SURECLOUD LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

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The directors present the strategic report for the year ended 30 June 2021.

#### **Fair review of the business**

The demand for GRC & Cyber Security products and services continue to be high in a post COVID-19 works which has enabled the company to grow and maintain its financial position. The results for the group for the year ended 30 June 2021 are shown on page 8. The group has reported a loss after tax for the financial year of £2,582,522 (2020: £692,327) which is primarily due to the share based payment charge of £3,144,760 recognised in the year which is considered to be an extraordinary charge following the implementation of a new Enterprise Management Incentive ('EMI') scheme in the year. Further details of this scheme can be found on page 22. Net liabilities for the group at 30 June 2021 were £287,229 (2020: £73,371 net assets).

During the year the company obtained a Coronavirus Business Interruption Loan ("CBILs") totalling £2,000,000. This loan was repaid in full on 8 September 2021 following the sale of the business to Sundial Bidco Limited. Further details of the sale can be found in note 29.

During the year the company also purchased 7,768 Ordinary shares of 10p each from existing shareholders for total consideration of £922,838.

Overall, the directors are pleased with the performance of the business in the year to 30 June 2021. Following the acquisition of the business in September 2021 by Sundial Bidco Limited, an entity ultimately controlled by CGE Partners LLP, the subsequent equity investment will enable the business to expand and increase its market share in the GRC & Cyber Security markets as its moves into the next financial year.

#### **Principal risks and uncertainties**

The group's activities expose it to a number of financial risks, including foreign exchange risk, credit risk and liquidity risk.

##### *Foreign exchange risk*

The foreign exchange risk arises because the group has operations in various parts of the world whose functional currency is not the same as the functional currency in which the group is operating.

The overseas subsidiary operates a separate bank account, which is used solely for that subsidiary, thus limiting the currency risk exposure. When currency is to be transferred between countries, this is planned in order to minimise the exposure to foreign exchange fluctuations. The group's net assets arising from such overseas operations are exposed to currency risk resulting in gains or losses on retranslation into sterling. The group does not hedge its net investments in overseas operations as the cost of doing so is disproportionate to the exposure.

##### *Credit risk*

Credit risk is the risk of financial loss to the group if a customer to a financial asset fails to meet its contractual obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The group actively manages its credit exposures by ensuring it engages with reputable and established customers, and through the utilisation of a functional credit control facility. When increased exposure is detected, action is taken to mitigate the risks. All outstanding receivables have been considered for credit risk and are considered to be recoverable.

##### *Liquidity risk*

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. This is achieved by tightly managing cashflows. The group expects to meet its financial obligations through operating cash flows and existing cash balances.

# SURECLOUD LIMITED

## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

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### Key performance indicators

The Board measures the performance of the group against budgets and its strategic objectives on a regular basis. The Board have set out the below key performance indicators for the company to achieve:

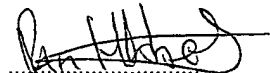
	2021	2020
Turnover	£9,633,419	£8,023,925
Gross margin	90%	91%

In addition to these key performance indicators management also focus on annual recurring revenue ('ARR') and client retention.

### Future developments

Despite the current global pandemic and resultant economic downturn, the directors consider the business to be in a strong position to negotiate the inevitably challenging times that lie ahead.

On behalf of the board



R Hibbert  
Director

Date: 11/2/2022

# SURECLOUD LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2021

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The directors present their annual report and financial statements for the year ended 30 June 2021.

#### Principal activities

The principal activity of the company and group during the year was the design, development and delivery of information security systems, applications and services.

#### Results and dividends

The results for the year are set out on page 8.

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

#### Directors

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

C Haynes

(Appointed 16 October 2020)

R Hibbert

N Rafferty

#### Research and development

Research in connection with developing new, and enhancing existing, products is carried out continuously through the year.

#### Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Statement of disclosure to auditor

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

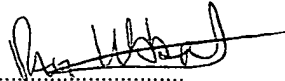
#### Disclosure of information in the strategic report

The group has chosen, in accordance with Section 414C (11) of the Companies Act 2006, to present information regarding its financial risk management and future developments in the strategic report.

#### Events after the balance sheet

On 8 September 2021, Sundial Bidco Limited acquired 100% of the Ordinary shares in SureCloud Limited. Sundial Bidco Limited is ultimately controlled by CGE Partners LLP. Following the acquisition, the CBILs loan was repaid in full on 8 September 2021.

On behalf of the board



R Hibbert

Director

Date: 11/2/2022.....

# **SURECLOUD LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 JUNE 2021**

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The directors are responsible for preparing the Strategic Report and 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 SURECLOUD LIMITED

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### Opinion

We have audited the financial statements of SureCloud Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2021 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with *United Kingdom Generally Accepted Accounting Practice*;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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 group's or the parent 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SURECLOUD LIMITED (CONTINUED)**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and their 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 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk 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, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SURECLOUD LIMITED (CONTINUED)**

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliance which may have a material impact on the financial statements which included reviewing financial statement disclosures, and reviewing tax computations, returns and R&D claims.

The group audit engagement team identified the risk of management override of controls and revenue cut-off as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and reviewing a sample of revenue transactions from either side of the year end to ensure they have been recorded in the appropriate accounting period.

A further description of our responsibilities for the audit of the financial statements is located 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.

*Mayulee Pinkerton*

Mayulee Pinkerton CA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Davidson House  
Forbury Square  
Reading  
Berkshire, RG1 3EU  
22 February 2022

# SURECLOUD LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

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	Notes	2021 £	2020 £
Turnover	3	9,633,419	8,023,925
Cost of sales		(937,782)	(724,041)
<b>Gross profit</b>		<b>8,695,637</b>	<b>7,299,884</b>
Administrative expenses		(9,178,210)	(8,153,592)
Share-based payment expense	8	(3,144,760)	-
Other operating income		107,533	-
<b>Operating loss</b>	6	<b>(3,519,800)</b>	<b>(853,708)</b>
Interest receivable and similar income	9	137	2,470
Interest payable and similar expenses	10	(81,759)	-
<b>Loss before taxation</b>		<b>(3,601,422)</b>	<b>(851,238)</b>
Tax on loss	11	1,018,900	158,911
<b>Loss for the financial year</b>		<b>(2,582,522)</b>	<b>(692,327)</b>

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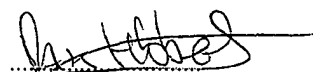
Loss for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

**SURECLOUD LIMITED****CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	12	1,603,623		1,258,070	
Tangible assets	13	146,431		94,382	
		<u>1,750,054</u>		<u>1,352,452</u>	
<b>Current assets</b>					
Debtors	16	3,372,073		1,921,360	
Cash at bank and in hand		2,877,900		1,986,029	
		<u>6,249,973</u>		<u>3,907,389</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(6,570,021)</u>		<u>(5,186,470)</u>	
<b>Net current liabilities</b>			<u>(320,048)</u>		<u>(1,279,081)</u>
<b>Total assets less current liabilities</b>		<u>1,430,006</u>		<u>73,371</u>	
<b>Creditors: amounts falling due after more than one year</b>	18	<u>(1,717,235)</u>		<u>-</u>	
<b>Net (liabilities)/assets</b>			<u><u>(287,229)</u></u>		<u><u>73,371</u></u>
<b>Capital and reserves</b>					
Called up share capital	22	3,311		4,087	
Share premium account	23	145,137		145,137	
Capital redemption reserve	23	1,230		454	
Share-based payment reserve	23	3,144,760		-	
Profit and loss reserves	23	(3,581,667)		(76,307)	
<b>Total equity</b>		<u><u>(287,229)</u></u>		<u><u>73,371</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 4/2/2022 and are signed on its behalf by:



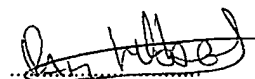
R Hibbert  
Director

**SURECLOUD LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	12	1,603,623		1,258,070	
Tangible assets	13	144,203		90,474	
Investments	14	3,849		3,849	
		<u>1,751,675</u>		<u>1,352,393</u>	
<b>Current assets</b>					
Debtors	16	4,516,730		2,986,207	
Cash at bank and in hand		2,697,693		1,859,734	
		<u>7,214,423</u>		<u>4,845,941</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(6,320,480)</u>		<u>(4,815,874)</u>	
<b>Net current assets</b>		<u>893,943</u>		<u>30,067</u>	
<b>Total assets less current liabilities</b>		<u>2,645,618</u>		<u>1,382,460</u>	
<b>Creditors: amounts falling due after more than one year</b>	18	<u>(1,717,235)</u>		<u>-</u>	
<b>Net assets</b>		<u><u>928,383</u></u>		<u><u>1,382,460</u></u>	
<b>Capital and reserves</b>					
Called up share capital	22	3,311		4,087	
Share premium account	23	145,137		145,137	
Capital redemption reserve	23	1,230		454	
Share-based payment reserve	23	3,144,760		-	
Profit and loss reserves	23	(2,366,055)		1,232,782	
<b>Total equity</b>		<u><u>928,383</u></u>		<u><u>1,382,460</u></u>	

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes as it prepares group financial statements. The company's loss for the year was £2,675,999 (2020 - £214,902 loss).

The financial statements were approved by the board of directors and authorised for issue on 11/3/2022 and are signed on its behalf by:



R Hibbert  
Director

**SURECLOUD LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021**

	Share capital	Share premium account	Capital redemption reserve	Share-based payment reserve	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
<b>Balance at 1 July 2019</b>	4,087	145,137	454	-	616,020	765,698
<b>Year ended 30 June 2020:</b>						
Loss and total comprehensive income for the year	-	-	-	-	(692,327)	(692,327)
<b>Balance at 30 June 2020</b>	4,087	145,137	454	-	(76,307)	73,371
<b>Year ended 30 June 2021:</b>						
Loss and total comprehensive income for the year	-	-	-	-	(2,582,522)	(2,582,522)
Own shares acquired	-	-	-	-	(922,838)	(922,838)
Redemption of shares	22 (776)	-	776	-	-	-
Share-based payment	8	-	-	3,144,760	-	3,144,760
<b>Balance at 30 June 2021</b>	3,311	145,137	1,230	3,144,760	(3,581,667)	(287,229)

**SURECLOUD LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021**

	Share capital	Share premium account	Capital redemption reserve	Share-based payment reserve	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
<b>Balance at 1 July 2019</b>	4,087	145,137	454	-	1,447,684	1,597,362
<b>Year ended 30 June 2020:</b>						
Loss and total comprehensive income for the year	-	-	-	-	(214,902)	(214,902)
<b>Balance at 30 June 2020</b>	4,087	145,137	454	-	1,232,782	1,382,460
<b>Year ended 30 June 2021:</b>						
Loss and total comprehensive income for the year	-	-	-	-	(2,675,999)	(2,675,999)
Own shares acquired	-	-	-	-	(922,838)	(922,838)
Redemption of shares	22 (776)	-	776	-	-	-
Share-based payment	8	-	-	3,144,760	-	3,144,760
<b>Balance at 30 June 2021</b>	3,311	145,137	1,230	3,144,760	(2,366,055)	928,383

# SURECLOUD LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	24		981,831		825,111
Interest paid			(81,759)		-
Income taxes (paid)/refunded			(7,770)		193,898
<b>Net cash inflow from operating activities</b>			<u>892,302</u>		<u>1,019,009</u>
<b>Investing activities</b>					
Purchase of intangible assets		(944,007)		(680,905)	
Purchase of tangible fixed assets		(119,713)		(62,192)	
Interest received		137		2,470	
<b>Net cash used in investing activities</b>			<u>(1,063,583)</u>		<u>(740,627)</u>
<b>Financing activities</b>					
Redemption of shares		(922,838)		-	
Proceeds from borrowings		2,000,000		-	
<b>Net cash generated from/(used in) financing activities</b>			<u>1,077,162</u>		<u>-</u>
<b>Net increase in cash and cash equivalents</b>			<u>905,881</u>		<u>278,382</u>
Cash and cash equivalents at beginning of year			1,986,029		1,716,463
Effect of foreign exchange rates			(14,010)		(8,816)
<b>Cash and cash equivalents at end of year</b>			<u><u>2,877,900</u></u>		<u><u>1,986,029</u></u>

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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### 1 Accounting policies

#### Company information

SureCloud Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 3rd Floor, 9 Greyfriars Road, Reading, RG1 1NU.

The group consists of SureCloud Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

#### Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

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

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments; explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2021

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#### 1 Accounting policies (Continued)

##### **Basis of consolidation**

The consolidated financial statements incorporate those of SureCloud Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 June 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

##### **Going concern**

The demand for GRC & Cyber Security products and services continues to be high in a post COVID-19 world which has enabled the company to grow and maintain its financial position. The company continues to deliver work to clients remotely which offers it an advantage as staff are used to working from home. The products and services offered by the company are sold in sectors that are driven by regulation leading to a strong business case for clients to buy or to renew products for up to 3 years at a time.

The company has started to repay the VAT deferral scheme loan offered by HMRC and has also repaid the Coronavirus Business Interruption Loan off in full in September 2021. Equity investment was secured from CGE Partners in September 2021 which will enable the company to expand and increase its market share in the GRC & Cyber Security markets as it moves through the next financial year.

Based on the above, and in addition to forecasts and the action plans prepared, the directors consider it appropriate for the financial statements to be prepared on the going concern basis and expect the entity will have sufficient available funds to meet its obligations as they fall due for a period of not less than 12 months from the date of signing these financial statements.

##### **Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

##### *Software sales*

Turnover for software sales is measured using the software as a service ("SaaS") model. Software sales are recognised on a straight line basis over the term of the contract.

##### *Professional services*

Revenue from contracts for the provision of professional services is recognised in the period that the work is performed.

The amounts by which revenue exceeds payments on account is classified as accrued income within other debtors, and the amounts by which payments on account exceed revenue is classified as deferred income in creditors.

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2021

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#### 1 Accounting policies (Continued)

##### Research and development

The group capitalises development expenditure as an intangible asset when it is able to demonstrate all of the following:

- (a) The technical feasibility of completing the development so the intangible asset will be available for use or sale.
- (b) Its intention to complete the development and to use or sell the intangible asset.
- (c) Its ability to use or sell the intangible asset.
- (d) How the intangible asset will generate probable future economic benefits.
- (e) The availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; and
- (f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

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

Development costs	33% straight line
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##### Tangible fixed assets

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

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

Equipment	33% straight line
Fixtures and fittings	33% reducing balance
Computers	33% straight line

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

##### Fixed asset investments

In the separate financial statements of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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 it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

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### 1 Accounting policies (Continued)

Recoverable amount is the higher of fair value less costs to sell 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. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### **Cash and cash equivalents**

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

#### **Financial instruments**

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

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

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

#### **Basic financial assets**

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

#### **Classification of financial liabilities**

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

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

#### **Equity instruments**

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

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

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### 1 Accounting policies (Continued)

#### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

#### **Employee benefits**

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

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

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

#### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### **Share-based payments**

During the year, the company established an Enterprise Management Incentive ('EMI') scheme referred to as the SureCloud EMI Plan ('the plan').

*Equity-settled share-based payments recognised under the plan are measured at a fair value at the date of grant by reference to the fair value of the equity instruments granted based on an observable market price, being the price paid in relation to the acquisition of the group subsequent to the year end. The fair value determined at the date of grant is expensed on a straight-line basis, with a corresponding entry to equity, over the vesting period based on the estimate of shares that will eventually vest. The vesting period has been determined as the period from the date of grant to the date of the vesting event i.e. the date of acquisition, also referred to as an Exit event in accordance with the terms of the plan. Further details of the acquisition can be found in note 29.*

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

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### 1 Accounting policies (Continued)

#### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease.

#### **Government grants**

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

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

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

### 2 Judgements and key sources of estimation uncertainty

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

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

#### **Key sources of estimation uncertainty**

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

#### **Capitalised development costs**

Key accounting estimates in preparing the financial statements include the capitalisation of and amortisation period for capitalised development costs. Management has to make judgements as to whether development expenditure has met the criteria for capitalisation or whether it should be expensed in the year. Development expenditure is capitalised only after its reliable measurement, technical feasibility and commercial viability can be demonstrated. In determining the amortisation period, the directors estimate the useful life of the developed asset by determining the period over which the group expects to consume the asset's future economic benefits, with reference to future revenues expected to be generated.

There were no other estimates and assumptions considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

### 3 Turnover and other revenue

	2021 £	2020 £
<b>Turnover analysed by class of business</b>		
Software services	9,633,419	8,023,925
	<u>9,633,419</u>	<u>8,023,925</u>
	2021 £	2020 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	8,428,232	7,212,136
United States of America	576,791	384,125
Rest of Europe	512,410	356,694
Rest of World	115,986	70,970
	<u>9,633,419</u>	<u>8,023,925</u>

### 4 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Sales, development and administrative	94	84	92	82
	<u>94</u>	<u>84</u>	<u>92</u>	<u>82</u>
Their aggregate remuneration comprised:				
	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	9,880,666	5,836,263	9,588,114	5,254,536
Social security costs	757,893	600,278	757,893	600,278
Pension costs	138,606	80,261	137,615	80,261
	<u>10,777,165</u>	<u>6,516,802</u>	<u>10,483,622</u>	<u>5,935,075</u>
Salaries capitalised	(944,006)	(680,905)	(944,006)	(680,905)
	<u>9,833,159</u>	<u>5,835,897</u>	<u>9,539,616</u>	<u>5,254,170</u>

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

### 5 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	734,469	669,478
Company pension contributions to defined contribution schemes	52,168	12,433
	<u>786,637</u>	<u>681,911</u>

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

	2021	2020
	£	£
Remuneration for qualifying services	293,019	365,125
Company pension contributions to defined contribution schemes	21,586	10,000
	<u>314,605</u>	<u>375,125</u>

There were two directors accruing benefits in a defined contribution pension scheme during the year (2020: two).

### 6 Operating loss

	2021	2020
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange differences	2,504	(971)
Government grants	(107,533)	-
Depreciation of owned tangible fixed assets	67,940	63,499
Amortisation of intangible assets	598,454	371,485
Share-based payments	3,144,760	-
Operating lease charges	266,450	327,723
	<u>3,062,575</u>	<u>761,736</u>

The group received a loan under the Coronavirus Business Interruption Loan Scheme ("CBILs") during the year. The interest totalling £94,259 on the interest free period of the loan which the group has benefited from has been recognised as grant income during the year.

The company received a grant totalling £13,274 from the UK Government in relation to the Coronavirus Job Retention Scheme. The scheme was introduced in March 2020 in an effort to help employers avoid the need to make mass redundancies as a result of the impact of COVID-19. The scheme was available for all UK companies with no attached conditions which may result in the funds needing to be repaid.

### 7 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	28,500	19,825
	<u>28,500</u>	<u>19,825</u>

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

### 7 Auditor's remuneration (Continued)

#### For other services

Taxation compliance services	3,050	2,900
Other taxation services	8,450	8,875
All other non-audit services	11,875	5,530
	<u>23,375</u>	<u>17,305</u>

### 8 Share-based payment transactions

During the year, the company established an Enterprise Management Incentive ('EMI') scheme referred to as the SureCloud EMI Plan ('the plan').

The options issued under the plan may not be exercised until such times as an Exit is contemplated. An Exit is determined to be either (i) an asset sale; (ii) a capital raising (which the Board has determined should be treated as an Exit); and (iii) a share sale. The options are settled in equity once exercised. If the options remain unexercised after a period of ten years from the date of grant, the options expire.

As discussed in note 29, the company brought in a strategic investor after the reporting date and the directors consider the consideration receivable from this investment to constitute an Exit event under the terms of the plan and to provide a reasonable estimate of the fair value of the options at the date of grant given the close proximity of time between the date of grant and the Exit event.

Group	Number of share options		Weighted average exercise price	
	2021 Number	2020 Number	2021 £	2020 £
Outstanding at 1 July 2020	-	-	-	-
Granted	3,560	-	233.00	-
Outstanding at 30 June 2021	<u>3,560</u>	<u>-</u>	<u>233.00</u>	<u>-</u>
Exercisable at 30 June 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The options outstanding at 30 June 2021 had an exercise price ranging from £158.59 to £302.01 and a remaining contractual life of 9.75 years.

A share-based payment charge of £3,144,760 has been recognised in the year in respect of the options granted during the year. Following the sale of the company subsequent to the reporting date, 2,916 options were exercised. The remaining unvested options have lapsed at the date of sale.

### 9 Interest receivable and similar income

	2021 £	2020 £
Interest income		
Interest on bank deposits	<u>137</u>	<u>2,470</u>

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

### 10 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	81,759	-

### 11 Taxation

	2021	2020
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	(278,425)	(209,198)
Adjustments in respect of prior periods	(3,219)	(52)
Total current tax	(281,644)	(209,250)
<b>Deferred tax</b>		
Origination and reversal of timing differences	(732,418)	58,063
Changes in tax rates	(4,838)	(7,724)
Total deferred tax	(737,256)	50,339
Total tax credit	(1,018,900)	(158,911)

The total tax credit for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2021	2020
	£	£
Loss before taxation	(3,601,422)	(851,238)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(684,270)	(161,735)
Tax effect of expenses that are not deductible in determining taxable profit	22,259	21,714
Adjustments in respect of prior years	(3,219)	(52)
Effect of change in tax rate	(4,838)	(7,724)
Fixed asset timing differences	(1,419)	-
Research and development tax credit	(144,351)	(102,883)
Other timing differences	(191,595)	-
Overseas tax adjustments	(11,467)	91,769
Taxation credit	(1,018,900)	(158,911)

In March 2021, the Finance Bill was announced and was substantively enacted on 24 May 2021, this included legislation that the UK tax rate will increase to 25% from 1 April 2023. As this change was substantively enacted at the balance sheet date, where deferred tax is recognised, it is at a rate of 25% in the current year (2020: 19%).

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

### 12 Intangible fixed assets

<b>Group and company</b>	<b>Development costs</b>
	<b>£</b>
<b>Cost</b>	
At 1 July 2020	1,795,360
Additions - internally developed	944,007
At 30 June 2021	<u>2,739,367</u>
<b>Amortisation and impairment</b>	
At 1 July 2020	537,290
Amortisation charged for the year	598,454
At 30 June 2021	<u>1,135,744</u>
<b>Carrying amount</b>	
At 30 June 2021	<u>1,603,623</u>
At 30 June 2020	<u>1,258,070</u>

The amortisation of software and development costs is recognised within administrative expenses.

### 13 Tangible fixed assets

<b>Group</b>	<b>Equipment</b>	<b>Fixtures and fittings</b>	<b>Computers</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 July 2020	231,797	2,153	-	233,950
Additions	99,484	-	20,910	120,394
Exchange adjustments	(681)	-	-	(681)
At 30 June 2021	<u>330,600</u>	<u>2,153</u>	<u>20,910</u>	<u>353,663</u>
<b>Depreciation and impairment</b>				
At 1 July 2020	137,415	2,153	-	139,568
Depreciation charged in the year	65,617	-	2,323	67,940
Exchange adjustments	(276)	-	-	(276)
At 30 June 2021	<u>202,756</u>	<u>2,153</u>	<u>2,323</u>	<u>207,232</u>
<b>Carrying amount</b>				
At 30 June 2021	<u>127,844</u>	<u>-</u>	<u>18,587</u>	<u>146,431</u>
At 30 June 2020	<u>94,382</u>	<u>-</u>	<u>-</u>	<u>94,382</u>

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

### 13 Tangible fixed assets (Continued)

Company	Equipment £	Fixtures and fittings £	Computers £	Total £
<b>Cost</b>				
At 1 July 2020	225,221	2,153	-	227,374
Additions	99,484	-	20,910	120,394
At 30 June 2021	324,705	2,153	20,910	347,768
<b>Depreciation and impairment</b>				
At 1 July 2020	134,747	2,153	-	136,900
Depreciation charged in the year	64,342	-	2,323	66,665
At 30 June 2021	199,089	2,153	2,323	203,565
<b>Carrying amount</b>				
At 30 June 2021	125,616	-	18,587	144,203
At 30 June 2020	90,474	-	-	90,474

### 14 Fixed asset investments

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Investments in subsidiaries	15	-	-	3,849	3,849

#### Movements in fixed asset investments

Company	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 July 2020 and 30 June 2021	3,849
<b>Carrying amount</b>	
At 30 June 2021	3,849
At 30 June 2020	3,849

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

### 15 Subsidiaries

Details of the company's subsidiaries at 30 June 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
SureCloud Inc	6010 W Spring Creek Pkwy, Plano, TX 75024-3569, USA	IT services	Ordinary	100.00

### 16 Debtors

	Group 2021 £	2020 £	Company 2021 £	2020 £
<b>Amounts falling due within one year:</b>				
Trade debtors	1,438,474	1,173,145	1,387,857	1,173,145
Corporation tax recoverable	499,919	210,505	499,919	210,505
Amounts owed by group undertakings	-	-	1,245,639	1,146,701
Other debtors	74,161	81,456	73,474	80,690
Prepayments and accrued income	606,941	440,932	557,263	359,844
	<u>2,619,495</u>	<u>1,906,038</u>	<u>3,764,152</u>	<u>2,970,885</u>
Deferred tax asset (note 20)	752,578	15,322	752,578	15,322
	<u>3,372,073</u>	<u>1,921,360</u>	<u>4,516,730</u>	<u>2,986,207</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

### 17 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Other borrowings	19	282,765	-	282,765	-
Trade creditors		415,796	278,421	402,558	275,155
Other taxation and social security		1,041,529	1,045,555	1,041,529	1,034,347
Other creditors		420,296	321,661	419,189	316,960
Accruals and deferred income		4,409,635	3,540,833	4,174,439	3,189,412
		<u>6,570,021</u>	<u>5,186,470</u>	<u>6,320,480</u>	<u>4,815,874</u>

### 18 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Company 2021 £	2020 £
Other borrowings	19	1,717,235	-	1,717,235	-
		<u>1,717,235</u>	<u>-</u>	<u>1,717,235</u>	<u>-</u>

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

### 19 Borrowings

	Group 2021 £	2020 £	Company 2021 £	2020 £
Other loans	2,000,000	-	2,000,000	-
Payable within one year	282,765	-	282,765	-
Payable after one year	1,717,235	-	1,717,235	-

Other loans relate to the Coronavirus Business Interruption Loan (CBILs) received in the year. The UK Government guarantees 80% of the finance to the lender and pays interest and any fees for the first 12 months. The loan is secured by way of a fixed charge over 1,000 Ordinary shares of the company.

The loan was repaid in full on 8 September 2021.

### 20 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

Group	Assets 2021 £	Assets 2020 £
Accelerated capital allowances	377,822	(253,562)
Tax losses	374,756	268,884
	<u>752,578</u>	<u>15,322</u>
	Assets 2021 £	Assets 2020 £
Accelerated capital allowances	377,822	(253,562)
Tax losses	374,756	268,884
	<u>752,578</u>	<u>15,322</u>
	Group 2021 £	Company 2021 £
<b>Movements in the year:</b>		
Asset at 1 July 2020	(15,322)	(15,322)
Credit to profit or loss	(737,256)	(737,256)
Asset at 30 June 2021	<u>(752,578)</u>	<u>(752,578)</u>

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

### 20 Deferred taxation (Continued)

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

### 21 Retirement benefit schemes

	2021	2020
	£	£
Charge to profit or loss in respect of defined contribution schemes	138,606	80,261

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 22 Share capital

	Group and Company			
	2021 Number	2020 Number	2021 £	2020 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of 10p each	33,111	40,879	3,311	4,087

During the year, the company purchased 7,768 Ordinary shares of 10p each from existing shareholders for total consideration of £922,838.

Each share carries full rights with respect to voting, receiving dividends and, in the event of winding up, a capital distribution.

### 23 Reserves

#### *Share capital*

Share capital represents the par value of ordinary shares issued by the company.

#### *Share premium account*

Consideration received for shares issued above their nominal value net of transaction costs.

#### *Capital redemption reserve*

The nominal value of shares repurchased and still held at the end of the reporting period.

#### *Retained earnings*

Retained earnings represent the cumulative profit and loss net of distributions to owners.

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

### 24 Cash generated from group operations

	2021 £	2020 £
Loss for the year after tax	(2,582,522)	(692,327)
<b>Adjustments for:</b>		
Taxation credited	(1,018,900)	(158,911)
Finance costs	81,759	-
Investment income	(137)	(2,470)
Amortisation and impairment of intangible assets	598,454	371,485
Depreciation and impairment of tangible fixed assets	67,940	63,499
Equity settled share based payment expense	3,144,760	-
<b>Movements in working capital:</b>		
(Increase)/decrease in debtors	(424,319)	401,186
Increase in creditors	1,114,796	842,649
<b>Cash generated from operations</b>	<u>981,831</u>	<u>825,111</u>

### 25 Analysis of changes in net funds - group

	1 July 2020 £	Cash flows £	Exchange rate movements £	30 June 2021 £
Cash at bank and in hand	1,986,029	905,881	(14,010)	2,877,900
Borrowings excluding overdrafts	-	(2,000,000)	-	(2,000,000)
	<u>1,986,029</u>	<u>(1,094,119)</u>	<u>(14,010)</u>	<u>877,900</u>

### 26 Operating lease commitments

#### Lessee

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

	Group 2021 £	2020 £	Company 2021 £	2020 £
Within one year	247,236	96,214	247,236	96,214
Between one and five years	32,072	128,285	32,072	128,285
	<u>279,308</u>	<u>224,499</u>	<u>279,308</u>	<u>224,499</u>

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

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### 27 Related party transactions

The company has taken advantage of the exemptions provided by Section 33 under FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaken which is party to the transaction is wholly owned by a member of that group.

Included within other debtors is £20,000 (2020: £Nil) of amounts owed to the group by directors.

### 28 Controlling party

At the balance sheet date, the ultimate controlling party was considered to be the Board of directors based upon their majority shareholding. However, subsequent to the year end, Sundial Bidco Limited acquired 100% of the Ordinary share capital of SureCloud Limited. Sundial Bidco Limited is ultimately controlled by CGE Partners LLP and therefore CGE Partners LLP are considered to be the ultimate controlling party from the acquisition date.

### 29 Events after the reporting date

On 8 September 2021, Sundial Bidco Limited acquired 100% of the Ordinary shares in SureCloud Limited. Sundial Bidco Limited is ultimately controlled by CGE Partners LLP. Following the acquisition the CBILs loan was repaid on 8 September 2021.