

3SQUARED LTD.

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

3SQUARED LTD.
REGISTERED NUMBER: 07207988

BALANCE SHEET
AS AT 30 JUNE 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	4	1,524	1,885
Tangible assets	5	338,381	77,532
		<u>339,905</u>	<u>79,417</u>
Current assets			
Debtors: amounts falling due within one year	6	2,541,447	1,363,811
Cash at bank and in hand		631,170	1,123,127
		<u>3,172,617</u>	<u>2,486,938</u>
Creditors: amounts falling due within one year	7	(1,624,117)	(1,214,584)
Net current assets		<u>1,548,500</u>	<u>1,272,354</u>
Total assets less current liabilities		<u>1,888,405</u>	<u>1,351,771</u>
Creditors: amounts falling due after more than one year	8	(215,416)	-
Net assets		<u><u>1,672,989</u></u>	<u><u>1,351,771</u></u>
Capital and reserves			
Called up share capital		100	100
Profit and loss account		1,672,889	1,351,671
		<u><u>1,672,989</u></u>	<u><u>1,351,771</u></u>

BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2020

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 March 2021.

T Jones
Director

The notes on pages 3 to 10 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. General information

3Squared Ltd. is a private Company limited by shares, incorporated in England and Wales (registered number: 07207988). Its registered office is 2nd Floor, Fountain Precinct, Balm Green, Sheffield, S1 2JA. The principal activity of the Company throughout the year continued to be that of technology consultancy.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.3 Revenue

Revenue 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:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as follows.

The depreciation rates used are:

Improvements to property	- 10% reducing balance
Plant and machinery	- 15% reducing balance
Fixtures and fittings	- 15% reducing balance
Office equipment	- 15% to 33% reducing balance
Computer equipment	- 33% reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.6 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as bank and cash balances, trade and other accounts receivable and payable, loans from banks and other third parties and loans to and from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the transaction price and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.7 Government grants

Grants relating to expenditure on tangible fixed assets are credited to the Statement of Income and Retained Earnings at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

2.8 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Accounting policies (continued)**2.10 Current and deferred taxation**

Tax is recognised in the Statement of Income and Retained Earnings.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

3. Employees

The average monthly number of employees, including directors, during the year was 54 (2019 - 50).

4. Intangible assets

	Trademarks	Goodwill	Total
	£	£	£
Cost			
At 1 July 2019	3,600	20,000	23,600
At 30 June 2020	<u>3,600</u>	<u>20,000</u>	<u>23,600</u>
Amortisation			
At 1 July 2019	1,715	20,000	21,715
Charge for the year on owned assets	361	-	361
At 30 June 2020	<u>2,076</u>	<u>20,000</u>	<u>22,076</u>
Net book value			
At 30 June 2020	<u>1,524</u>	<u>-</u>	<u>1,524</u>
At 30 June 2019	<u>1,885</u>	<u>-</u>	<u>1,885</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

5. Tangible fixed assets

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost						
At 1 July 2019	-	24,834	26,863	25,578	146,596	223,871
Additions	84,515	107,305	43,970	1,498	75,700	312,988
Disposals	-	(23,909)	(11,535)	(4,417)	-	(39,861)
At 30 June 2020	<u>84,515</u>	<u>108,230</u>	<u>59,298</u>	<u>22,659</u>	<u>222,296</u>	<u>496,998</u>
Depreciation						
At 1 July 2019	-	18,169	14,259	14,783	99,128	146,339
Charge for the year on owned assets	2,754	6,316	4,076	3,035	26,546	42,727
Disposals	-	(18,918)	(8,096)	(3,435)	-	(30,449)
At 30 June 2020	<u>2,754</u>	<u>5,567</u>	<u>10,239</u>	<u>14,383</u>	<u>125,674</u>	<u>158,617</u>
Net book value						
At 30 June 2020	<u><u>81,761</u></u>	<u><u>102,663</u></u>	<u><u>49,059</u></u>	<u><u>8,276</u></u>	<u><u>96,622</u></u>	<u><u>338,381</u></u>
At 30 June 2019	<u><u>-</u></u>	<u><u>6,665</u></u>	<u><u>12,604</u></u>	<u><u>10,795</u></u>	<u><u>47,468</u></u>	<u><u>77,532</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

6. Debtors

	2020 £	2019 £
Trade debtors	1,594,567	651,605
Other debtors	900,077	687,283
Tax recoverable	140	5,723
Deferred taxation	46,663	19,200
	<u>2,541,447</u>	<u>1,363,811</u>

7. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans	4,583	-
Trade creditors	265,188	67,400
Corporation tax	36,445	65,500
Other taxation and social security	293,258	175,168
Other creditors	1,024,643	906,516
	<u>1,624,117</u>	<u>1,214,584</u>

Included within creditors falling due within one year are secured liabilities in respect of bank loans of £4,583 (2019: nil)

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

	2020 £	2019 £
Bank loans	<u>215,416</u>	<u>-</u>

Included within creditors falling due after more than one year are secured liabilities in respect of bank loans of £215,416 (2019: nil)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

9. Deferred taxation

	2020 £	2019 £
At beginning of year	(19,200)	(4,820)
Charged to profit or loss	(27,463)	(14,380)
At end of year	<u>(46,663)</u>	<u>(19,200)</u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	54,911	12,338
Tax losses carried forward	(100,550)	(30,609)
Pension surplus	(1,024)	(929)
	<u>(46,663)</u>	<u>(19,200)</u>

10. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £63,437 (2019: £40,073). Contributions totalling £5,391 (2019: £4,889) were payable to the fund at the Balance Sheet date and are included in creditors.

11. Controlling party

The ultimate parent company is 3Squared Holdings Ltd.

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