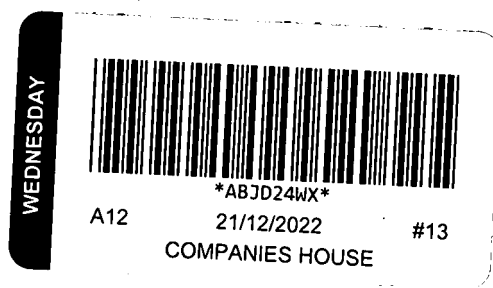


Company Registration No. 05703655 (England and Wales)

**SURECLOUD LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 JUNE 2022**



# SURECLOUD LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	C Haynes N Rafferty
<b>Company number</b>	05703655
<b>Registered office</b>	3rd Floor 9 Greyfriars Road Reading Berkshire 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 2022

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The directors present the strategic report for the year ended 30 June 2022.

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

The demand for GRC & Cyber Security products and services continues to be high in a post COVID-19 world, which has enabled the group to grow and maintain its financial position. The results for the group for the year ended 30 June 2022 are shown on page 8. The group has reported a loss after tax for the financial year of £6,070,027 (2021: £2,582,522) which includes the impact of a share-based payment charge of £1,930,993 (2021: £3,144,760) recognised in the year, which is considered to be an exceptional charge following the implementation of a new Enterprise Management Incentive ('EMI') scheme in the prior year. Further details of this scheme can be found in note 8. Net liabilities for the group at 30 June 2022 were £3,766,612 (2021: £287,229).

During the prior year, the group 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 28.

Overall, the directors are pleased with the performance of the business in the year to 30 June 2022. 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 it 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 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.

#### **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 group to maximise:

	2022	2021
Turnover	£10,761,800	£9,633,419
Gross margin	91%	90%

# SURECLOUD LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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### Future developments

Despite the ongoing impact of the pandemic and Ukraine war on the global macro environment & the UK economy expecting to head into a recession, 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

*Chris Haynes*

.....  
C Haynes  
Director

Date: 19/12/22.....

# SURECLOUD LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2022

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The directors present their annual report and financial statements for the year ended 30 June 2022.

#### Principal activities

The principal activity of the group and company 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 are unable to recommend payment of a final 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

R Hibbert

N Rafferty

(Resigned 10 November 2022)

#### Research and development

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

On behalf of the board

*Chris Haynes*

.....  
C Haynes

Director

Date: 19/12/22  
.....

# **SURECLOUD LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 30 JUNE 2022**

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The directors are responsible for preparing the strategic report, 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; and
- 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 2022, 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 the 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 2022 and of the group's 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.

### 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; and
- 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

19/12/22.....

# SURECLOUD LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 £	2021 £
Turnover	3	10,761,800	9,633,419
Cost of sales		(929,314)	(937,782)
<b>Gross profit</b>		<b>9,832,486</b>	<b>8,695,637</b>
Other administrative expenses		(12,730,604)	(9,178,210)
Share-based payment expense	8	(1,930,993)	(3,144,760)
Other operating income		67,333	107,533
<b>Operating loss</b>	<b>6</b>	<b>(4,761,778)</b>	<b>(3,519,800)</b>
Interest receivable and similar income	9	478	137
Interest payable and similar expenses	10	(108,633)	(81,759)
<b>Loss before taxation</b>		<b>(4,869,933)</b>	<b>(3,601,422)</b>
Tax on loss	11	(1,200,094)	1,018,900
<b>Loss for the financial year</b>		<b>(6,070,027)</b>	<b>(2,582,522)</b>

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 2022**

	Notes	2022		2021	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	12		1,778,077		1,603,623
Tangible assets	13		93,936		146,431
			<u>1,872,013</u>		<u>1,750,054</u>
<b>Current assets</b>					
Debtors	16	2,226,205		3,372,073	
Cash at bank and in hand		3,878,306		2,877,900	
			<u>6,104,511</u>		<u>6,249,973</u>
<b>Creditors: amounts falling due within one year</b>	17	(11,279,435)		(6,570,021)	
<b>Net current liabilities</b>			<u>(5,174,924)</u>		<u>(320,048)</u>
<b>Total assets less current liabilities</b>			<u>(3,302,911)</u>		<u>1,430,006</u>
<b>Creditors: amounts falling due after more than one year</b>	18		-		(1,717,235)
<b>Provisions for liabilities</b>	20		(463,701)		-
<b>Net liabilities</b>			<u>(3,766,612)</u>		<u>(287,229)</u>
<b>Capital and reserves</b>					
Called up share capital	22		3,603		3,311
Share premium account	23		804,496		145,137
Capital redemption reserve	23		1,230		1,230
Share-based payment reserve	23		-		3,144,760
Profit and loss reserves	23		(4,575,941)		(3,581,667)
<b>Total equity</b>			<u>(3,766,612)</u>		<u>(287,229)</u>

The financial statements were approved by the board of directors and authorised for issue on 19/12/22 and are signed on its behalf by:

*Chris Haynes*

C Haynes  
Director

**SURECLOUD LIMITED****COMPANY STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022**

	Notes	2022		2021	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	12		1,778,077		1,603,623
Tangible assets	13		92,143		144,203
Investments	14		3,849		3,849
			<u>1,874,069</u>		<u>1,751,675</u>
<b>Current assets</b>					
Debtors	16	3,630,766		4,516,730	
Cash at bank and in hand		3,151,637		2,697,693	
			<u>6,782,403</u>		<u>7,214,423</u>
<b>Creditors: amounts falling due within one year</b>	17	(10,795,707)		(6,320,480)	
<b>Net current (liabilities)/assets</b>			<u>(4,013,304)</u>		<u>893,943</u>
<b>Total assets less current liabilities</b>			<u>(2,139,235)</u>		<u>2,645,618</u>
<b>Creditors: amounts falling due after more than one year</b>	18		-		(1,717,235)
<b>Provisions for liabilities</b>	20		(463,701)		-
<b>Net (liabilities)/assets</b>			<u>(2,602,936)</u>		<u>928,383</u>
<b>Capital and reserves</b>					
Called up share capital	22		3,603		3,311
Share premium account	23		804,496		145,137
Capital redemption reserve	23		1,230		1,230
Share-based payment reserve	23		-		3,144,760
Profit and loss reserves	23		(3,412,265)		(2,366,055)
<b>Total equity</b>			<u>(2,602,936)</u>		<u>928,383</u>

As permitted by section 408 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 £6,121,963 (2021 - £2,675,999).

The financial statements were approved by the board of directors and authorised for issue on 19/12/22 and are signed on its behalf by:

*Chris Haynes*

C Haynes  
Director

**SURECLOUD LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Share-based payment reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 July 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		-	-	-	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)
<b>Year ended 30 June 2022:</b>							
Loss and total comprehensive income for the year		-	-	-	-	(6,070,027)	(6,070,027)
Issue of share capital	22	292	659,359	-	-	-	659,651
Share-based payment	8	-	-	-	1,930,993	-	1,930,993
Transfers		-	-	-	(5,075,753)	5,075,753	-
<b>Balance at 30 June 2022</b>		3,603	804,496	1,230	-	(4,575,941)	(3,766,612)

**SURECLOUD LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Share-based payment reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 July 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)
Share-based payment		-	-	-	3,144,760	-	3,144,760
Redemption of shares	22	(776)	-	776	-	-	-
<b>Balance at 30 June 2021</b>		3,311	145,137	1,230	3,144,760	(2,366,055)	928,383
<b>Year ended 30 June 2022:</b>							
Loss and total comprehensive income for the year		-	-	-	-	(6,121,963)	(6,121,963)
Issue of share capital	22	292	659,359	-	-	-	659,651
Share-based payment	8	-	-	-	1,930,993	-	1,930,993
Transfers		-	-	-	(5,075,753)	5,075,753	-
<b>Balance at 30 June 2022</b>		3,603	804,496	1,230	-	(3,412,265)	(2,602,936)

# SURECLOUD LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022		2021	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	24	2,972,100		981,831	
Interest paid		(108,633)		(81,759)	
Income taxes refunded/(paid)		515,782		(7,770)	
<b>Net cash inflow from operating activities</b>		<b>3,379,249</b>		<b>892,302</b>	
<b>Investing activities</b>					
Purchase of intangible assets		(1,019,650)		(944,007)	
Purchase of tangible fixed assets		(44,032)		(119,713)	
Interest received		478		137	
<b>Net cash used in investing activities</b>		<b>(1,063,204)</b>		<b>(1,063,583)</b>	
<b>Financing activities</b>					
Proceeds from issue of shares		659,651		-	
Redemption of shares		-		(922,838)	
Proceeds from borrowings		-		2,000,000	
Repayment of borrowings		(2,000,000)		-	
<b>Net cash (used in)/generated from financing activities</b>		<b>(1,340,349)</b>		<b>1,077,162</b>	
<b>Net increase in cash and cash equivalents</b>		<b>975,696</b>		<b>905,881</b>	
Cash and cash equivalents at beginning of year		2,877,900		1,986,029	
Effect of foreign exchange rates		24,710		(14,010)	
<b>Cash and cash equivalents at end of year</b>		<b>3,878,306</b>		<b>2,877,900</b>	

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2022

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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, Berkshire RG1 1NU.

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

The group's and company'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" 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.

##### Basis of consolidation

The consolidated financial statements incorporate those of SureCloud Limited and all of its subsidiaries (that is 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 2022. 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.

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

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### 1 Accounting policies (Continued)

#### 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 repaid the Coronavirus Business Interruption Loan in full in September 2021. Equity investment was secured from CGE Partners LLP 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 group 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.

#### 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.
- (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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# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

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#### 1 Accounting policies (Continued)

##### 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.

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.

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

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### 1 Accounting policies (Continued)

#### **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 and loans from fellow group companies, 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.

#### **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.

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

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#### 1 Accounting policies (Continued)

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 previous 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, that is 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 28.

#### 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.

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

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### 1 Accounting policies (Continued)

#### **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.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

#### **Deferred taxation**

Deferred tax assets and liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable. The directors have determined a deferred tax liability of £463,701(2021: £752,578 asset) to be recognised in these financial statements.

#### **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.

#### **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**

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.

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 2 Judgements and key sources of estimation uncertainty (Continued)

##### *Debtors recoverability*

Estimates are made relating to the recoverability of receivable balances to reflect unrecoverable amounts due to known defaults, and defaults incurred but not reported at the year end, which from experience are known to exist. The directors have assessed a provision of £11,600 (2021: £2,800) should be held against trade debtor balances outstanding at the reporting date and accordingly, this provision is reflected within these financial statements.

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.

#### 3 Turnover and other revenue

	2022	2021
	£	£
<b>Turnover analysed by class of business</b>		
Software services	10,761,800	9,633,419
	<u>10,761,800</u>	<u>9,633,419</u>
	2022	2021
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	9,760,325	8,428,232
United States of America	710,329	576,791
Rest of Europe	244,348	512,410
Rest of World	46,798	115,986
	<u>10,761,800</u>	<u>9,633,419</u>

#### 4 Employees

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

	Group		Company	
	2022	2021	2022	2021
	Number	Number	Number	Number
Sales, development and administrative	112	94	110	92
	<u>112</u>	<u>94</u>	<u>110</u>	<u>92</u>

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 4 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	6,830,747	6,735,906	6,652,620	6,443,354
Social security costs	807,275	757,893	807,275	757,893
Pension costs	144,919	138,606	129,050	137,615
Share-based payments	1,930,993	3,144,760	1,930,993	3,144,760
	<u>9,713,934</u>	<u>10,777,165</u>	<u>9,519,938</u>	<u>10,483,622</u>
Salaries capitalised	(1,019,650)	(944,006)	(1,019,650)	(944,006)
	<u>8,694,284</u>	<u>9,833,159</u>	<u>8,500,288</u>	<u>9,539,616</u>

### 5 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	157,905	734,469
Company pension contributions to defined contribution schemes	14,127	52,168
	<u>172,032</u>	<u>786,637</u>

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

	2022 £	2021 £
Remuneration for qualifying services	n/a	293,019
Company pension contributions to defined contribution schemes	n/a	21,586
	<u>n/a</u>	<u>314,605</u>

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year. Following the acquisition of the company as detailed in note 28, the directors' remuneration was borne by the parent company and is not recharged to SureCloud Limited.

There were three directors accruing benefits in a defined contribution pension scheme during the year (2021: two).

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 6 Operating loss

	2022	2021
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange differences	(11,249)	2,504
Government grants	(67,333)	(107,533)
Depreciation of owned tangible fixed assets	82,229	67,940
Loss on disposal of tangible fixed assets	14,521	-
Amortisation of intangible assets	845,196	598,454
Share-based payments	1,930,993	3,144,760
Operating lease charges	306,393	266,450
	<u>                    </u>	<u>                    </u>

The group received a loan under the Coronavirus Business Interruption Loan Scheme ("CBILs") during the prior year. The interest totalling £67,333 (2021: £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 £Nil (2021: £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

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	36,500	28,500
	<u>                    </u>	<u>                    </u>
<b>For other services</b>		
Taxation compliance services	5,400	3,050
Other taxation services	10,000	8,450
All other non-audit services	8,400	11,875
	<u>                    </u>	<u>                    </u>
	<u>23,800</u>	<u>23,375</u>

#### 8 Share-based payment transactions

During the previous 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 28, the company brought in a strategic investor during the year 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.

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 8 Share-based payment transactions (Continued)

Group	Number of share options		Weighted average exercise price	
	2022 Number	2021 Number	2022 £	2021 £
Outstanding at 1 July 2021	3,560	-	233.00	-
Granted	-	3,560	-	233.00
Forfeited	(644)	-	233.00	-
Exercised	(2,916)	-	233.00	-
Outstanding at 30 June 2022	-	3,560	-	233.00
Exercisable at 30 June 2022	-	-	-	-

A share-based payment charge of £1,930,933 (2021: £3,144,760) has been recognised in the year in respect of the options granted during the year. Following the sale of the company, 2,916 options were exercised. The remaining unvested options lapsed at the date of sale and the share-based payment reserve was transferred to the profit and loss reserves.

### 9 Interest receivable and similar income

	2022 £	2021 £
<b>Interest income</b>		
Interest on bank deposits	478	137

### 10 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank overdrafts and loans	49,833	81,759
Other interest	58,800	-
<b>Total finance costs</b>	<b>108,633</b>	<b>81,759</b>

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 11 Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,361	(278,425)
Adjustments in respect of prior periods	(17,546)	(3,219)
<b>Total current tax</b>	<u>(16,185)</u>	<u>(281,644)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	778,936	(732,418)
Changes in tax rates	291,907	(4,838)
Adjustment in respect of prior periods	145,436	-
<b>Total deferred tax</b>	<u>1,216,279</u>	<u>(737,256)</u>
<b>Total tax charge/(credit)</b>	<u>1,200,094</u>	<u>(1,018,900)</u>

The total tax charge/(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:

	2022 £	2021 £
Loss before taxation	<u>(4,869,933)</u>	<u>(3,601,422)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(925,287)	(684,270)
Tax effect of expenses that are not deductible in determining taxable profit	358,782	22,259
Adjustments in respect of prior years	(17,546)	(3,219)
Effect of change in tax rate	291,907	(4,838)
Fixed asset timing differences	(2,858)	(1,419)
Research and development tax credit	25,169	(144,351)
Other timing differences	-	(191,595)
Deferred tax adjustments in respect of prior years	145,436	-
Overseas tax adjustments	20,001	(11,467)
Deferred tax not recognised	1,304,490	-
<b>Taxation charge/(credit)</b>	<u>1,200,094</u>	<u>(1,018,900)</u>

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 12 Intangible fixed assets

Group and company	Development costs £
<b>Cost</b>	
At 1 July 2021	2,739,367
Additions - internally developed	1,019,650
At 30 June 2022	<u>3,759,017</u>
<b>Amortisation and impairment</b>	
At 1 July 2021	1,135,744
Amortisation charged for the year	845,196
At 30 June 2022	<u>1,980,940</u>
<b>Carrying amount</b>	
At 30 June 2022	<u>1,778,077</u>
At 30 June 2021	<u>1,603,623</u>

The amortisation of development costs is recognised within administrative expenses.

### 13 Tangible fixed assets

Group	Equipment £	Fixtures and fittings £	Computers £	Total £
<b>Cost</b>				
At 1 July 2021	330,600	2,153	20,910	353,663
Additions	44,032	-	-	44,032
Disposals	-	(2,153)	(20,910)	(23,063)
Exchange adjustments	887	-	-	887
At 30 June 2022	<u>375,519</u>	<u>-</u>	<u>-</u>	<u>375,519</u>
<b>Depreciation and impairment</b>				
At 1 July 2021	202,756	2,153	2,323	207,232
Depreciation charged in the year	78,163	-	4,066	82,229
Eliminated in respect of disposals	-	(2,153)	(6,389)	(8,542)
Exchange adjustments	664	-	-	664
At 30 June 2022	<u>281,583</u>	<u>-</u>	<u>-</u>	<u>281,583</u>
<b>Carrying amount</b>				
At 30 June 2022	<u>93,936</u>	<u>-</u>	<u>-</u>	<u>93,936</u>
At 30 June 2021	<u>127,844</u>	<u>-</u>	<u>18,587</u>	<u>146,431</u>

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 13 Tangible fixed assets (Continued)

Company	Equipment	Fixtures and fittings	Computers	Total
	£	£	£	£
<b>Cost</b>				
At 1 July 2021	324,705	2,153	20,910	347,768
Additions	43,326	-	-	43,326
Disposals	-	(2,153)	(20,910)	(23,063)
At 30 June 2022	368,031	-	-	368,031
<b>Depreciation and impairment</b>				
At 1 July 2021	199,089	2,153	2,323	203,565
Depreciation charged in the year	76,799	-	4,066	80,865
Eliminated in respect of disposals	-	(2,153)	(6,389)	(8,542)
At 30 June 2022	275,888	-	-	275,888
<b>Carrying amount</b>				
At 30 June 2022	92,143	-	-	92,143
At 30 June 2021	125,616	-	18,587	144,203

#### 14 Fixed asset investments

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
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 2021 and 30 June 2022	3,849
<b>Carrying amount</b>	
At 30 June 2022	3,849
At 30 June 2021	3,849

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 15 Subsidiaries

Details of the company's subsidiaries at 30 June 2022 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 2022 £	2021 £	Company 2022 £	2021 £
<b>Amounts falling due within one year:</b>				
Trade debtors	1,522,986	1,438,474	1,487,132	1,387,857
Corporation tax recoverable	322	499,919	322	499,919
Amounts owed by group undertakings	-	-	1,461,644	1,245,639
Other debtors	71,614	74,161	70,834	73,474
Prepayments and accrued income	631,283	606,941	610,834	557,263
	<u>2,226,205</u>	<u>2,619,495</u>	<u>3,630,766</u>	<u>3,764,152</u>
Deferred tax asset (note 20)	-	752,578	-	752,578
	<u>2,226,205</u>	<u>3,372,073</u>	<u>3,630,766</u>	<u>4,516,730</u>

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

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

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Other borrowings	19	-	282,765	-	282,765
Trade creditors		350,236	415,796	349,437	402,558
Amounts owed to group undertakings		3,918,109	-	3,918,109	-
Other taxation and social security		1,635,284	1,041,529	1,631,071	1,041,529
Other creditors		38,276	420,296	38,276	419,189
Accruals and deferred income		5,337,530	4,409,635	4,858,814	4,174,439
		<u>11,279,435</u>	<u>6,570,021</u>	<u>10,795,707</u>	<u>6,320,480</u>

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

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

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Other borrowings	19	-	1,717,235	-	1,717,235
		<u>-</u>	<u>1,717,235</u>	<u>-</u>	<u>1,717,235</u>

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

#### 19 Borrowings

	Group 2022 £	2021 £	Company 2022 £	2021 £
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 during the prior 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:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
<b>Group</b>				
Accelerated capital allowances	463,701	-	-	377,822
Tax losses	-	-	-	374,756
	<u>463,701</u>	<u>-</u>	<u>-</u>	<u>752,578</u>
<b>Company</b>				
Accelerated capital allowances	463,701	-	-	377,822
Tax losses	-	-	-	374,756
	<u>463,701</u>	<u>-</u>	<u>-</u>	<u>752,578</u>

	Group 2022 £	Company 2022 £
<b>Movements in the year:</b>		
Asset at 1 July 2021	(752,578)	(752,578)
Charge to profit or loss	924,372	924,372
Effect of change in tax rate - profit or loss	291,907	291,907
	<u>463,701</u>	<u>463,701</u>

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2022

### 20 Deferred taxation (Continued)

The deferred tax liability relates to timing differences arising on capitalised research and development. This timing differences are expected to reverse over 4 years.

No deferred tax asset has been recognised in respect of the gross trading losses of £8,096,893 as the timing and amount of future reversal of these losses is uncertain.

### 21 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	144,919	138,606

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.

There were unpaid pension contributions of £34,250 (2021: £25,361) outstanding at the year end.

### 22 Share capital

	Group and Company			
	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 10p each	36,027	33,111	3,603	3,311

During the year, the company issued 2,916 Ordinary shares of 10p each for total consideration of £659,651. Share premium totalling £659,359 has been recognised in respect of this issue.

#### *Ordinary share rights:*

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

### 23 Reserves

#### *Share premium account*

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

#### *Capital redemption reserve*

The capital redemption reserve represents the cumulative non-distributable reserves arising as a result of the redemption of shares.

#### *Share-based payment reserve*

Cumulative share-based payment expense for the company's share option scheme.

#### *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 2022

#### 24 Cash generated from group operations

	2022 £	2021 £
Loss for the year after tax	(6,070,027)	(2,582,522)
<b>Adjustments for:</b>		
Taxation charged/(credited)	1,200,094	(1,018,900)
Finance costs	108,633	81,759
Investment income	(478)	(137)
Loss on disposal of tangible fixed assets	14,521	-
Amortisation and impairment of intangible assets	845,196	598,454
Depreciation and impairment of tangible fixed assets	82,229	67,940
Equity-settled share-based payment expense	1,930,993	3,144,760
<b>Movements in working capital:</b>		
Increase in debtors	(106,530)	(424,319)
Increase in creditors	4,967,469	1,114,796
<b>Cash generated from operations</b>	<u>2,972,100</u>	<u>981,831</u>

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

	1 July 2021 £	Cash flows £	Exchange rate £	30 June 2022 £
Cash at bank and in hand	2,877,900	975,696	24,710	3,878,306
Borrowings excluding overdrafts	(2,000,000)	2,000,000	-	-
	<u>877,900</u>	<u>2,975,696</u>	<u>24,710</u>	<u>3,878,306</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 2022 £	2021 £	Company 2022 £	2021 £
Within one year	32,072	247,236	32,072	247,236
Between one and five years	-	32,072	-	32,072
	<u>32,072</u>	<u>279,308</u>	<u>32,072</u>	<u>279,308</u>

# SURECLOUD LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2022

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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 £Nil (2021: £20,000) of amounts owed to the group by directors.

#### 28 Controlling party

During the year, Sundial Bidco Limited, a company registered in England and Wales, 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 is considered to be the ultimate controlling party from the acquisition date.

The parent of Sundial Bidco Limited is Sundial Midco Limited, which prepares group financial statements. Copies can be obtained from Companies House, Crown Way, Cardiff CF14 3UZ. The smallest and largest group in which this company is consolidated is that headed by Sundial Midco Limited.