

Cybersafe Ltd

Registered number: 09642350

Financial statements

Information for filing with the registrar

For the year ended 30 June 2020

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	5	227,529	294,527
Tangible fixed assets	6	49,543	68,599
		<u>277,072</u>	<u>363,126</u>
Current assets			
Debtors: amounts falling due within one year	7	740,598	992,816
Cash at bank and in hand		462,436	140,366
		<u>1,203,034</u>	<u>1,133,182</u>
Creditors: amounts falling due within one year	8	(2,093,703)	(1,092,950)
Net current (liabilities)/assets		<u>(890,669)</u>	<u>40,232</u>
Total assets less current liabilities		<u>(613,597)</u>	<u>403,358</u>
Creditors: amounts falling due after more than one year	9	(5,089,085)	(3,327,446)
Net liabilities		<u>(5,702,682)</u>	<u>(2,924,088)</u>
Capital and reserves			
Called up share capital		1	1
Share options reserve	12	56,634	-
Profit and loss account	12	(5,759,317)	(2,924,089)
Total equity		<u>(5,702,682)</u>	<u>(2,924,088)</u>

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 comprehensive income 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 by:

U A Alashe

CYBSAFE LTD
REGISTERED NUMBER: 09642350

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2020

Director
Date: 28 September 2021

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital	Share options reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 July 2018	1	-	(708,121)	(708,120)
Comprehensive loss for the year				
Loss for the year	-	-	(2,215,968)	(2,215,968)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(2,215,968)	(2,215,968)
Total transactions with owners	-	-	-	-
At 1 July 2019	1	-	(2,924,089)	(2,924,088)
Comprehensive loss for the year				
Loss for the year	-	-	(2,835,228)	(2,835,228)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(2,835,228)	(2,835,228)
Other movement	-	56,634	-	56,634
Total transactions with owners	-	56,634	-	56,634
At 30 June 2020	1	56,634	(5,759,317)	(5,702,682)

The notes on pages 4 to 19 form part of these financial statements.

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

1. General information

Cybsafe Limited is a private company limited by shares, incorporated and registered in England and Wales. The address of the registered office of the Company is Windmill Hill Business Park, Whitehall Way, Swindon SN5 6QR.

Cybsafe Limited is a 100% owned subsidiary of Cybsafe Holdings Limited, the ultimate parent, registered and domiciled in the United Kingdom.

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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements have been presented in Pounds Sterling and are rounded to the nearest pound as this is the currency of the primary economic environment in which the company operates.

The following principal accounting policies have been applied:

2.2 Prior year adjustment

The prior year adjustment relates to the reclassification of sales commissions of £143,970 from cost of sales to administration expenses as this does not directly relate to the sales. There is no impact on the loss for the year.

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

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis after reviewing the business activities and all the factors likely to affect its future development, performance and position, considering all available information. This review has considered the principal risks and uncertainties facing the business, details of its exposures to price, credit, liquidity and cash flow risk, where applicable.

As a result of the Coronavirus pandemic, CybSafe enacted its business continuity plan ahead of the UK Government lockdown. The Company has demonstrated their ability to operate in an entirely virtual environment. Management implemented a set of cost reduction initiatives as a precautionary measure due to the rapidly deteriorating global macroeconomic conditions. It has included lessons learned from the COVID-19 environment in its future planning and has also performed stress testing. The outcome is that Management believe the Company has adequate resources to continue in operational existence for the foreseeable future. Based on its current forecast, the Directors believe the Company has the ability to mitigate its business risks successfully.

The Group executed two financing transactions to support its innovation and growth plans. In December 2020, the Parent completed a £5.6m equity raise. This was followed by a £2.0m refinancing of the Subsidiary's venture debt facility in July 2021.

The Directors have assessed the Company's financial position and concluded that it has the ability to meet its financial obligations as they fall due for at least 12 months from the financial statements' date of signing. The Directors have considered the impact of Covid-19 in coming to this conclusion. These considerations included stress testing in the form of forecasts with significantly reduced revenues over a period of 12 months. The Company is able to meet their liabilities as they fall due and comply with their loan requirements in the forecast period. Therefore, it is considered appropriate for these financial statements to be prepared under the going concern basis.

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

2. Accounting policies (continued)

2.4 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Revenue

Revenue is recognised over the term of the contract agreement to the extent that the Company obtains the right to consideration exchanged for its performance. Revenue is measured at fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

- the service has been delivered
- there is no known credit risk
- the term of the contract has been agreed so the revenue can be recognised in

equal instalments over its duration in the case of licenses

- for non-licenses revenue, the service delivery milestones are known and the

revenue can be recognised once each project stage has been completed

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

2. Accounting policies (continued)

2.6 Government grants

The UK government has offered a range of financial support packages to help companies, including government backed financing arrangements, furlough schemes, deferment of VAT payments and, for some sectors, business rates holidays. Of the offered schemes, the Company has taken advantage of Coronavirus Job Retention Scheme (CJRS). This has been accounted for as a government grant under the accruals model as permitted by FRS 102. Grants relating to expenditure on wages and salaries are credited to 'other operating income' within the Statement of Comprehensive Income. They are recognised when the entity has reasonable assurance that they will comply with the conditions attaching the grant, and that the grant will be received.

2.7 Interest payable and similar expenses

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 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 Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

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

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting 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 Statement of Financial Position 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.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 Intangible fixed assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

Software	-	5 years
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If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed, and if current expectations differ the residual value, amortisation method and or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

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

2. Accounting policies (continued)

2.12 Tangible fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Office equipment	-
	1 - 4 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

2.13 Debtors: amounts falling due within one year

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

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

2. Accounting policies (continued)

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to 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 present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, 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, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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.

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

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

Amortisation of Intangible Assets

The Directors having reviewed the Company's online platform are content that it will drive economic benefit for at least 5 years, in line with the amortisation policy.

Share options valuation

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

4. Employees

The average monthly number of employees, including directors, during the year was 42 (2019: 30).

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

5. Intangible assets

	Computer software £
Cost	
At 1 July 2019	456,849
Additions	28,477
	<hr/>
At 30 June 2020	485,326
	<hr/>
Amortisation	
At 1 July 2019	162,322
Charge for the year	95,475
	<hr/>
At 30 June 2020	257,797
	<hr/>
Net book value	
At 30 June 2020	<u>227,529</u>
<i>At 30 June 2019</i>	<u>294,527</u>

The intangible fixed asset relates to the software development of the Cybsafe cyber awareness training platform.

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

6. Tangible fixed assets

	Office equipment £
Cost	
At 1 July 2019	88,145
Additions	3,189
At 30 June 2020	<u>91,334</u>
Depreciation	
At 1 July 2019	19,546
Charge for the year	22,245
At 30 June 2020	<u>41,791</u>
Net book value	
At 30 June 2020	<u><u>49,543</u></u>
<i>At 30 June 2019</i>	<u><u>68,599</u></u>

7. Debtors: amounts falling due within one year

	2020 £	2019 £
Due within one year		
Trade debtors	372,822	392,038
Prepayments and accrued income	191,487	87,142
Taxes	176,289	3,039
Deferred taxation (note 11)	-	510,597
	<u><u>740,598</u></u>	<u><u>992,816</u></u>

Trade debtors are stated after provisions for impairment of £nil (2019: £nil).

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

8. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank loans (note 10)	455,624	-
Trade creditors	162,938	123,816
Amounts owed to related parties	89,947	-
Other taxation and social security	149,872	72,588
Other creditors	12,841	36,490
Accruals	178,417	215,922
Deferred income	1,044,064	644,134
	<u>2,093,703</u>	<u>1,092,950</u>

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

	2020 £	2019 £
Bank loans (note 10)	886,587	-
Amounts owed to group undertakings	4,202,498	3,327,446
	<u>5,089,085</u>	<u>3,327,446</u>

Amounts owed to group undertakings includes loans which are unsecured, interest-free and have no fixed repayment date.

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

10. Bank loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year		
Bank loans	455,624	-
	<u>455,624</u>	<u>-</u>
Amounts falling due 2-5 years		
Bank loans	886,587	-
	<u>1,342,211</u>	<u>-</u>

The bank loan from Shawbrook Bank Limited is a term loan facility, secured over all the assets of the company, received in two tranches of £750,000 each on 5 December 2019 and 24 March 2020. It bears interest at a rate of 9.15% per annum and is repayable in thirty three equal monthly installments, after the initial interest only period of three months, until the termination date of 5 November 2022.

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

11. Deferred taxation

	2020 £	2019 £
At beginning of year	510,597	108,028
Charged to profit or loss	(510,597)	402,569
At end of year	<u><u>-</u></u>	<u><u>510,597</u></u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	-	510,597
	<u><u>-</u></u>	<u><u>510,597</u></u>

At year end the unrecognised deferred tax asset was £946,201 (2019: £nil).

12. Reserves**Share options reserve**

This reserve represents the accumulated fair value of share options granted by the Company.

Profit and loss account

This reserve represents the cumulative profits and losses of the Company.

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

13. Share based payments

	Weighted average exercise price (pence) 2020	Number 2020	<i>Weighted average exercise price (pence) 2019</i>	<i>Number 2019</i>
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	29p	88,867	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	29p	88,867	-	-

	2020 £	<i>2019 £</i>
Equity-settled schemes	56,634	-
	56,634	-

14. Pension commitments

The Company contributes to its employees' personal pension schemes. The pension charge represents contributions payable by the company to the schemes and amounted to £102,267 (2019: £62,266). £9,223 was payable to the scheme at the balance sheet date (2019: £11,829).

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

15. Related party transactions

The company is a wholly owned subsidiary of Cybsafe Holdings Limited and as such has taken advantage of the exemption permitted by Section 33 'Related party disclosures' not to provide disclosures of transactions entered into with other wholly owned members of the group.

During the year, the Company entered into transactions, in the ordinary course of business, with other related parties.

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settlement is expected within the normal course of business. During the year no amounts have been provided for doubtful debts with related parties, nor any guarantees provided or sought over these balances.

Sales/(purchases) entered into during the year are detailed below:

	2020	2019
	£	£
OverLeaf Holdings Limited	-	(14,984)
TorchlightGroup Limited	-	2,374
RFS (Services)	<u>(24,000)</u>	<u>-</u>

Balances due to related parties are detailed below:

	2020	2019
	£	£
OverLeaf Holdings Limited	15,000	15,000
TorchlightGroup Limited	74,947	74,947
Mr U A Alashe	-	25,000
	<u>89,947</u>	<u>114,947</u>

16. Post balance sheet events

The Group executed two financing transactions to support its innovation and growth plans. In December 2020, the Parent completed a £5.6m equity raise. This was followed by a £2.0m refinancing of the Subsidiary's venture debt facility in July 2021.

17. Controlling party

The Company's immediate parent undertaking is Cybsafe Holdings Limited, a company registered in England and Wales. Its registered office address is Windmill Hill Business Park, Whitehill Way, Swindon, United Kingdom, SN5 6QR.

There is no ultimate controlling party.

CYBSAFE LTD

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

18. Auditor's information

The auditor's report on the financial statements for the year ended 30 June 2020 was unqualified.

The audit report was signed on 28 September 2021 by Gareth Jones (Senior Statutory Auditor) on behalf of Mazars LLP.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.